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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2162



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LAGS IN COUNTERPLANNING CRITICIZED

Bratislava PRAVDA in Slovak 1 Jul 81 p 1

[Text] Summer arrived in its full glory as evinced by both the calendar and the weather. Thus, it is easy to understand that most workers in their mind's eye see themselves already in some recreational facilities at the sea or on the slopes of their native countryside. Nevertheless, not even leave authorizations should divert their attention from economic tasks to the extent of forgetting one of the key tasks of the day--compilation of the implementation counterplan.

This is not just an ad hoc reminder, the deadline (24 July of the current year) by which plants are to submit their proposals for next year's implementation counterplan is inevitably approaching. But that is only one side of the coin. The other side is even more important. Through the implementation counterplan workers are actually preparing themselves and clarifying for themselves their future tasks, looking for possibilities of how to implement the directive's intents with improved efficiency and quality, how to save more material, fuel, energy and workplaces, workshops, production facilities, plants and enterprises. As a final consequence they are also creating in this manner the prerequisites for a preferential system of incentives.

Do these allegations apply to all enterprises, plants, production facilities and workshops? Before we attempt to answer this question, let us recall the words of Comrade Strougal at the 16th CPCZ Congress in his Report on Key Trends in Economic and Social Development of the CSSR for the Years 1981-85: "...the idea that only managers and their staffs familiarize themselves with the contents of the Set of Measures is not enough by far...We cannot even keep up the practice of explaining new precepts only from the viewpoint of their overall relations to the national economy which are easily agreed with. The crux of the matter now is implementation of specific measures at places of work. There the system of plant indicators and norms must be applied in a manner enabling everyone to clearly see his place in the effort toward increasing the efficiency of production. Everyone should thus gain an understanding of his own tasks and its relation to the overall results attained by the plant as well as what he can expect from its accomplishment. That is also one of the conditions for factual participation by workers in compilation of the plan."

Experience so far with implementation of the Set of Measures, more specifically--implementation counterplanning, shows very clearly that the above conditions has not been met in all plants through having underestimated the significance of those passages in the Set which call for development of initiative specifically in this direction. Yet it is obvious that new demanding tasks cannot be carried out without

application of Lenin's idea in practice: planning is done by all, the plan is not an accomplishment of managerial staffs but of millions of workers.

Alas, that still remains only a fervent wish. Why? The reasons are many. But it can be unequivocally stated that many among the leading managerial personnel failed to fully grasp the significance of implementation counterplanning, failed to understand that it is a matter for a lively and critically exacting discussion by the most widely based strata of the working public. That means those who are in the best position to identify problems and hidden resources at individual work places and who have a full right to talk about themselves, their capabilities and potentials, about how tasks can be best accomplished in the coming year, all of which, naturally, would also become reflected in remuneration. In other words, many leading management personnel (and, alas, also some party, labor union and youth organizations) act as if they were unaware of one of the key objectives implementation counterplanning: to mobilize and involve all workers, put their experience and creative talents to good use. Their manner of defending protracted inactivity is almost classical: Are we to base our actions on the Procedures for Implementation of Implementation Counterplanning published by HOSPODARSKE NOVINY?

They sit and wait whether they might not get some memorandum from a superior departmental organ. Just so we understand each other, they are not concerned about working out any directives from the VHJ [Economic Production Unit] to the plant, all they want is to have it black on white as to how they are to go about implementing implementation counterplanning their conditions. There is no doubt that some problems will have to be eventually resolved in cooperation with a superior organ, but even so we are justified in asking: Are these not the same management personnel who at other occasions discourse vehemently and very loudly about creative approaches to solution of problems?

True, the whole matter regarding the implementation counterplan can be circumvented in a much more diplomatic way. For example, individual production shops adopt socialist pledges, these will snowball into an all-plant pledge and, with a little bit of conniving by the general management, viola, an implementation counterplan is born.

Indeed, implementation counterplanning is a form of socialist competition, but a qualitatively higher form than the one we have become used to. It involves not so much quantity as it does quality, efficiency, detection and utilization of those hidden resources which will enable us to come up with a new, higher form of quality, which will become reflected in an improved economy of the production process in particular and of all labor in general.

For that reason we must seek solutions within the framework of specified limits and norms, and that is why streamlining the directive also has a bearing on a requisite system of incentives and preferences for those who manage to come up with the same result--exceeding the planned quotas--after the yearly plan had been adopted.

In his above-mentioned report at the 16th CPCZ Congress, Comrade L. Strougal also said: "Our aims and objectives for the coming term require that we manage to use the high degree of ideological awareness and initiative of the working public precisely where we need it the most--in our effort to bring about substantial increases in efficiency and quality of labor, in our effort toward intensification

of our national economy...That means to systematically rid socialist competition of any vestiges of formalism, give full support to people who in the interest of a good cause are not afraid to take on outmoded forms and methods, who correctly criticize various persisting abuses and shortcomings and seek for ways of correcting them. Suggestions and proposals made by workers must be listened to with great attention, and the best experiences must be generalized with a view to making them a property of all of us."

It is not difficult, as is often said, to turn this coinage into change and apply it to implementation counterplanning. This, inevitably, spells only one thing: Whatever conditions the leading management personnel created in plants for implementation counterplanning, such will also be their proposal which they will be submitting to the general managements of their respective economic production units in the latter half of this month.

From the very day when our workers started discussing the Set of Measures, it has been emphasized that its implementation will be no easy matter. As we have seen in implementation of its individual measures, in implementation counterplanning we once again find confirmation of the fact that thinking and acting in a new way cannot be accomplished from one day to another. The reason is simple--it breeds conflict. It is a natural conflict, because all that is old, outmoded and reactionary has always been on the defensive against new, progressive trends which sometimes cannot be implemented without initial problems and difficulties. Implementing of implementation counterplanning is not any different. It offers yet another proof that its greatest deterrent are fears of some leading management personnel, their aversion to engage in open discussions with workers, simplifying for themselves the obligations of a modern manager who must be a paragon of creative thinking and action.

Nor are these allegations, as the saying has it, blown out of all proportion. Many an example from our plants shows that where implementation counterplanning has received meticulous and thorough attention from the start, the results have been positive. To top it off, it gives the plant a good reputation and puts a little more into the worker's pocket on payday. And it surely was not always smooth and easy.

Not much time remains till 24 July, but most plants are now already making decisions in regard to their implementation counterplans. And there is still enough opportunity to make improvements, consult others who have more experience, incorporate as many suggestions and proposals made through workers initiative as possible. The truth remains, none of this will be possible without a close cooperation of plant management with party, labor union and youth organizations. They bear the greatest brunt of responsibility for involving the workers initiative into fruitful uncovering of hidden potentials and open discussion in regard to their exploitation and specific responsibility for their utilization. After all, by participation in compilation of the implementation counterplan the masses of workers are making decisions not only about the economic tasks of plants, but about themselves as well, their goals and possibilities and their attainment so that they can enter the second year of the Seventh Five-Year Plan with confident strides.

CZECHOSLOVAKIA

INEFFICIENT USE OF CAPITAL ASSETS CRITICIZED

Bratislava PRAVDA in Slovak 11 Jul 81 p 3

[Article by Eng Florian Kanis, employee of the Czechoslovak State Bank, main office for the SSR, and Julius Krajci, editor of PRAVDA: "We Must Leave the Ways of Investment Romanticism--Economy Will be Intensified by Better Use of Capital Assets"]

[Text] The 16th CPCZ Congress unambiguously articulated the basic tasks for capital investment and use of capital assets as follows--better planned and more rational investments, more effective use of capital assets, and permission for new construction only on the basis of submitted proof that existing capacities are being used to the best possible advantage.

During the Sixth Five-Year Plan the number of projects under construction in the CSSR increased by 2,300 to nearly 30,000 toward the end of 1980. Their budget costs in 1980 were more than Kcs 95 billion higher than in 1975 (in current prices). The average period of construction was extended to 6.6 years. About one-third of all the planned capacities (those projects were considered in the state plan as mandatory tasks) did not begin operation. Toward the end of 1980, the volume of unfinished construction projects was up almost 43 percent over 1975, while the volume of capital assets gained by capital investment rose only 26 percent.

Grappling with Construction Schedules

For several years the State Bank has evaluated the results of major completed construction projects and of taking over new capacities which began operating. In the SSR it was possible in 1980 to make final technical-economic assessments in only 11 of a total of 21 construction projects scheduled for completion. Planned construction schedules had been extended in eight construction projects. Among the reasons for the delay in construction and especially for the inadequate rate of takeover of the new capacities are breakdowns of the technological equipment, shortages of workers and the often insufficient structure of their training (the mill in Rimavska Sobota, the starch plant in Boleraz), the inferior quality of certain basic raw materials (the mill in Rimavska Sobota, the quarry management in Margecany), and the failure to rotate shifts according to the plan (manufacture of polyester textiles in Senica, conveyor belt manufacture in Puchov).

Nevertheless, it is noteworthy that certain minor savings of budget costs have been achieved in the assessed construction projects, although mainly because the investors had overestimated their investment costs. Only a lesser part of the savings resulted from the implementation of rationalization measures (completion of the construction and remodeling of the starch plant in Boleraz).

Planned Parameters and Real Situation

Of the above-mentioned 11 construction projects, 6 failed to meet the planned volume by nearly 14 percent of the volume stipulated in the registration documents. Particularly critical is the situation in the continuous production of Diacol in the Chemko plant in Strazske where the shortfall in production is up to 35 percent higher than the planned parameters. This is due to the rescheduled development of the consequent production sectors whose capacities did not begin operation, as well as to shortages of essential domestic raw materials for that production. Furthermore, the shortfall in the value of the production of the POP [polypropylene?] foils in Chemosvit in Svit amounts to nearly 25 percent; the reason here is mainly the change of the line of production as a result of consumer demand and also lower average price of products.

On the other hand, credit is due to an investor, Chemlon in Humenna, for its promptly completed modernization of silk production. In this case the planned parameters have not only been fulfilled but even slightly overfulfilled.

The State Bank pays special attention to these problems. In its recommendations in the final technical-economic assessment, it demands that the planned parameters be fulfilled in the shortest possible time and bases credit contracts on the adopted measures; if they are not met, the bank calls for penalties.

How New Capacities Are Taken Over

An analogical situation appears also from the analysis of production capacities taken over in 1980, namely, in construction projects that were put into operation from 1977 through 1979. Their operational plans for 1980 already show a lower annual volume of production than the planned parameters, the difference being Kcs 2.47 billion. The reality was Kcs 2.97 billion below the planned parameters. On the other hand, older capacities overfulfilled their plans of production by Kcs 981 million.

The shortfall of the planned production adversely affected the planned volume of exports to nonsocialist countries; fewer goods were delivered to the socialist countries and to the domestic market and fewer components were supplied for subsequent final assembly.

Among the main reasons for the failure to meet the planned volume of production are changes in construction design (intensification of the cellulose mills of the Bukoza in Vranov and the new plant of the Strojstav in Senec), furthermore, problems with the supplies of imported raw materials (manufacture of corrugated cardboard boxes in Martin, similar problems in the Kozmetika in Bratislava, preprocessing of furs in Liptovsky Mijulas, etc.) as well as shortages of domestic raw materials and materials (polypropylene staple, the third stage in J. Dimitrov Chemical Works in Bratislava, furniture factories in Kralovsky Chlmec, etc.), extended schedules of construction (knitting mills in Kosice, finishing of knitted textiles in the Merino in Trencin, etc.), shortage of manpower (POP foils in Chemosvit in Svit, plywood factory in Pezinok, etc.).

The planned volume of production in the branches of the chemical industry has not been fulfilled in the new Chemosvit plant in Svit manufacturing polypropylene textile fibers because the deadline set for the start of the test run had not been met

according to the plan. The start of the operation was delayed 8 months. The Metallurgical Construction in Kosice, which is the contractor for the construction, is to be blamed for the failure in the first place, along with the shortages of workers at the time when the production began, especially in continuous operations, which was directly the responsibility of Chemosvit in Svit, while Slovnaft in Bratislava must answer for the uneven quality of the delivered raw materials.

The delay in consumer-industry construction and the great extent of unfinished work after remodeling the second stage of the plant are the "sins" of the Stavoindustria in Bratislava that delayed the beginning of the production in the United Glass Works in Lednické Rovne. In the wood-processing industry, problems developed in the furniture factories in Kralovsky Chlmeč and in the Novy Domov [New Home] plant in Spišska Nova Ves because Chemkostav in Humenne failed to keep the construction schedule and to fulfill the tasks of the state plan for even 1 year. Among other causes, we must mention the failure of Czechoslovak contractors to deliver technological supplies and assemblies, the shortage of materials, a lack of training of the workers and the technical-economic staff, and frequent breakdowns of the machinery and equipment. Some blame here falls on the investor. In the food industry, the situation appears critical in the Kozmetika in Bratislava where the construction schedule was extended by 3 years. Again, Chemkostav in Humenne is to blame. For the time being, new equipment had to be stored in the old plant in Bratislava-Raca. However, the Kozmetika is struggling also with problems stemming from the shortage of manpower, packaging materials and raw materials. The new meat-packing syndicate in Ruzomberok does not have guaranteed regular supply of raw materials because some old and obsolescent operations had not been liquidated. Slow liquidation of obsolete operations, however, is evident also in certain other locations.

As the most crucial problem in the coming period, we may consider the fact that shortfalls in production are anticipated again in 27 construction projects in 1981-1983.

Therefore, the Czechoslovak State Bank has begun applying more stringent penalties for unfulfilled planned parameters. Its measures aimed at encouraging the achievement of the planned parameters are incorporated in credit contracts.

Errors Are Already Rooted in Preplanning Operations

The roots of the negative results in takeovers of new capacities must be sought in every stage of planning, in certain "romanticism" of investors whose organs and organizations try to push through their projects by exaggerating the advantages and the positive (often microeconomic) and minimizing the risks involved and the negative. In case of mandatory projects, investors are often immodest in specification of their requirements of public funds. However, they frequently use this way to resolve other needs for investments in their enterprises (for example, the former management of J. Dimitrov Chemical Works in Bratislava for the construction of an administrative building for the investment sector). At the same time, the investor's criterion is often not targeted on economic efficiency but on the interests of technical production of the enterprise. In some cases, however, the interests of the planners, suppliers and organs of local administration are also decisive. Investors still gravitate toward extensive development.

More Decisive Solution--Necessity

In order to improve the situation, it will be absolutely essential to objectify thoroughly the long-range concept of the development in branches which would express the strategy of investment policies, thus proceeding from the needs of our national economy, extended to the development of international cooperation, as well as from a comprehensive analysis of the current situation of the production base which takes into consideration actual resources of manpower, materials and energy, and from the needs of a highly efficient national economy.

In the interest of the fulfillment of the Set of Measures, the bank will stress, through its organizational units and in cooperation with appropriate ministries, that construction projects be completed on schedule, that the planned parameters be achieved in capacities under construction and that the proper sequences of their production be observed. It will review credit applications and proceed more stringently when granting credits to completed capacities where planned parameters have not been achieved; it will introduce individual credits with consideration of economic profitability. It will focus jointly with the economic sphere on the solution of problems cropping up because of inadequate supplies of necessary raw materials and materials, because the planned manpower has not been obtained, and because of lagging sales. Furthermore, through appropriate ministries it will focus attention on the final technical-economic assessment of construction projects scheduled for assessments in 1980. It will investigate whether the planned volume of production has been reached; it will specify the proceedings for grants of credit and the rights of the bank in construction projects where shortfalls have been projected for the 1981-1983 period as well.

It will also use its data from this area when including construction projects in the plan for 1982, and in its recommendation it will propose that no construction projects be launched where investors have failed to guarantee that the capacities will be efficient and taken over completely. At the same time, it will also consider the extent and the significance of the shortcomings when construction projects thus approved are completed and taken over. Stringency and thoroughness are indispensable here because the projects whose construction will begin in 1981 and in the following years will determine the success of the Eighth Five-Year Plan and successive five-year plans. In the final analysis, that will affect our living standard as well.

Economy cannot be developed without investments (particularly for reconstruction and modernization). The problem, however, is to invest with greater responsibility and better planning, and to use capital assets as prudently as possible, according to the instructions expressed in the decisions of the 16th CPCZ Congress. We present here a general overview of the situation in capital investment of the SSR, its shortcomings recurring over a number of years, its problems related to the development (for instance, the consequences in export, market supplies and in consequent production, etc.) with the intent to prove to managing organs in our economy, public administration and in the Revolutionary Labor Union Movement how serious this issue is. In particular, it is important to apply political solutions for existing problems, in other words, our party's regional, municipal and district committees as well as enterprisewide committees and committees of basic party organizations must deal with these problems in the most resolute fashion. Here again the leading role of our party must be systematically enforced, a role which will lead in the end to a more rational management of capital investment, prompter takeover of new capacities and efficient use of fixed assets.

SIX-MONTH ECONOMIC RESULTS OF 1981 PLAN REPORTED

Warsaw TRYBUNA LUDU in Polish 28 Jul 81 pp 4-5

[Central Office of Statistics' Report on Poland's Socioeconomic Situation for the First Half of 1981]

[Text] The country's economic situation deteriorated further during the first 6 months of 1981. Industrial production fell, resulting in reduced market supplies and exports. While production fell, wages in the socialized economy rose substantially. The shortage of many basic goods became more acute, the unbalance on the domestic market intensified, and strong inflationary trends appeared.

The economy was decisively affected by fuel and energy problems, by reductions in imports of raw and other materials and spare parts from capitalist countries, caused by payments difficulties, and by the drop in purchases of agricultural products. All of these factors caused disorganization in supplies necessary for production and coproduction. In the raw-materials industries, the decline in raw-materials extraction was also affected by the shortened workweek.

The basic indexes reflecting the socioeconomic situation for the first half of 1981, as compared with the same period last year, are shown in Table 1.

This report does not contain plan performance data inasmuch as certain assumptions in the 1981 National Socioeconomic Plan were to be changed.

Industry

There was a large drop in production sales in the first 6 months of this year. This was attributed to fuel and energy problems, supply difficulties and disruptions in coproduction deliveries. In addition, the shortened workweek adversely affected production in the mining industry. Production of the most basic articles intended for the people as well as for production and export purposes, declined. At the same time, there was a very large increase in expenditures from the personal wages fund, and in average wages, mainly due to the wage increases granted during the second half of 1980, while labor productivity dropped.

Table 1.

<u>Item (a)</u>	<u>Index</u> <u>First Half</u> <u>1980 = 100</u>
Production sales in socialized industry.....	87.5
Basic production in construction-assembly socialized enterprises.....	79.4
Freight haulage by socialized transport enterprises.....	74.2
Passenger haulage by socialized transport.....	98.0
Procurement of agricultural products.....	89.0
Retail sales of goods.....	98.2
Exports.....	77.2
Imports.....	84.5
Investment outlays in the socialized economy.....	77.0
Employment in the socialized economy.....	100.4
Production sales per one employee in the socialized economy.....	87.8
Production and services per one employee in construction-assembly socialized enterprises.....	82.8
Personal wages fund.....	126.5
Nominal wages.....	126.0
Living costs.....	over 115
Dwellings released for occupancy.....	69.7

(a) In the case of value data, indexes of dynamics are given in
fixed prices.

Production sales (in fixed sales prices) in socialized industry were 211 billion zlotys lower, i.e., by 12.5 percent, compared with the first half of 1980. The decline was greater with each passing month. Compared with the same months in 1980, the decline this year was 25 billion zlotys in January and 50 billion zlotys in June.

Figures on production of some important products in the socialized industry during the first half of this year are presented in Table 2.

In comparison with the first half of last year, production of most products dropped substantially. Declines in the following were particularly sharp: hard coal extraction, petroleum products, steel production, rolled products, aluminum, zinc, lead, copper, metalforming machinery, machine tools, automobiles and trucks, semiconductor elements, tape recorders, cement, wall elements (partitions), fabrics, slaughter meat, butter and salt-water fish catches.

Deliveries of hard coal and hard coal briquettes for domestic purchasers were, as a rule, below current requirements, which resulted in a systematic depletion of stocks.

Coal deliveries to industry were 15.1 percent lower, compared to the first half of 1980, while industrial consumption of coal dropped 11.1 percent.

Table 2.

<u>Products</u>	<u>Unit of Measure</u>	<u>First Half 1981</u>	
		<u>In Absolute Numbers</u>	<u>Index First Half 1980 = 100</u>
Hard coal	million tons	81.3	78.2
Petroleum processed.....	million tons	6.8	80.7
Electrical energy.....	billion kWh	58.9	95.2
Raw steel.....	million tons	8.8	87.9
Rolled products (with semifinished products).....	million tons	6.2	87.9
Electrolytic copper.....	thousand tons	163.4	89.0
Primary aluminum	thousand tons	37.5	79.5
Lead	thousand tons	33.3	80.6
Zinc	thousand tons	88.0	78.2
Roller bearings	million	57.1	83.9
Metalworking machines	million zlotys*	3643	82.0
Plastic-working machines (for metals)...	million zlotys*	440.7	61.7
Electric rotating machines.....	million zlotys	5470	94.9
	MW	4771	92.8
Automatic regulation and control equipment.....	million zlotys*	4163	85.1
Semiconductor elements.....	million	100.9	76.2
Transistors.....	million	42.1	89.1
Computer systems and electronic computer equipment.....	million zlotys*	5786	99.5
Farm machinery and equipment.....	million zlotys	8204	84.4
Vehicles: Automobiles.....	thousand	146.3	76.7
Trucks.....	thousand	20.8	80.8
Buses.....	thousand	6.6	95.9
Two-axle farm tractors.....	thousand	26.4	87.6
Seagoing vessels (100 DWT and up).....	thousand KM	1258	88.4
	million zlotys*	8587	85.1
	thousand DWT	143.8	70.8
Receivers: Radio.....	thousand	1488	109.5
Stereophonic.....	thousand	128.9	119.0
Television.....	thousand	427.1	87.0
Color.....	thousand	82.4	109.0
Tape recorders.....	thousand	314.7	72.4
Electric household washing machines and spin driers.....	thousand	393.0	95.3
Automatic.....	thousand	180.1	98.1
Household refrigerators.....	thousand	308.7	82.3
Household sewing machines.....	thousand	199.1	94.4
Fertilizers calculated per pure ingredient.....	thousand tons	1143	97.8
Plastics.....	thousand tons	253.0	91.0
Synthetic rubber.....	thousand tons	60.5	99.6

[Continuation of Table 2]

Chemical fibers.....	thousand tons	113.3	86.0
Synthetic.....	thousand tons	76.4	89.5
Laundry and washing agents.....	thousand tons	141.5	95.5
Soap	thousand tons	35.5	95.3
Pharmaceutical products.....	million zlotys*	8175	100.6
Cement.....	million tons	8.0	78.6
Wall elements, calculated in solid burnt brick.....	million	4.5	79.0
Chipboard and pressed board.....	thousand cu m*	458.0	98.6
Furniture.....	million zlotys*	19.9	95.1
Paper.....	thousand tons	485.1	91.7
Fabrics:			
Cotton and cottonlike.....	million meters	415.5	91.4
Wool and woollike.....	million meters	55.8	88.4
Silk and silklike.....	million meters*	79.3	94.3
Knitted products.....	billion zlotys	11.3	92.0
Clothlike knitted goods.....	million meters	56.8	88.3
Footwear (excluding rubber)	million pairs**	70.0	93.5
Meat and fats (commercial slaughter)	thousand tons	1064	82.4
Poultry.....	thousand tons	179.0	110.0
Saltwater fish (catch).....	thousand tons	366.9	81.8
Butter	thousand tons	90.9	76.4
Cigarettes	billion	41.3	85.9
Commercial fodder mixtures	thousand tons	4323	83.0

*Fixed prices.

**After-slaughter warm weight.

Market supplies decreased 8 percent, while market sales dropped 3.2 percent.

Buyers' coal stocks dropped 37.5 percent, compared with the end of the first half of 1980. The power industry had scarcely a 11-day supply and the market had a 4-days' sales supply. At the same time, suppliers' stocks dropped drastically (by 72.5 percent).

The extreme decline in coal stocks at a time during which they are normally replenished, constitutes a very serious threat to the fulfillment of increased requirements during the fall and winter seasons.

The demand for electric power during the first half of this year dropped 1.6 percent over the same period last year. Despite this, there was a power shortage in the evening peak period ranging from 200 to 600 MW and the maximum reduction to users during the evening peak was 1100 MW. The reduction in power supplies was due to a 4.8 percent reduction in production, caused by lower availability of equipment, mainly because of delays in overhauls.

During the first half of this year, quality in industrial production dropped further. Fewer products passed quality inspections. Defects in products, especially those for the market, increased, and consequently repair costs and sums of conventional penalties paid, also increased.

Average employment in socialized industry in the first half of this year was 4,752 thousand people and it dropped slightly in comparison with the first half of 1980 (by 14,000 people, i.e., 0.3 percent).

While the value of industrial production fell, the personal wages fund during the first half of this year amounted to 211 billion zlotys and grew by 41 billion zlotys, or 24 percent, over the same period last year. The average net monthly wages in socialized industry during the first half of this year increased by 1,427 zlotys, i.e., 24.5 percent, as compared with the first half of 1980. At the same time, production calculated per one employee dropped 12.2 percent.

In the first six months of this year, worktime per one worker in the industrial and developmental group decreased, in comparison with the first six months of last year, by 8.2 percent, principally because the nominal worktime was reduced, and especially because additional free Saturdays were granted.

Idle time increased by 3.7 percent, while the number of stoppages (together with strikes) more than doubled, and unexcused absences increased 33.2 percent. Sick leaves, however, (after deducting sick days falling on nonwork days), dropped 1.6 percent, and maternity leaves, by 5.5 percent. Less productive use was made of on-the-job time.

Agriculture

The agricultural situation in the first half of 1981 was very bad. This was due mainly to reduced feed supplies, as a result of poor harvests of basic crops last year, and to inadequate deliveries of production resources for agriculture.

Weather conditions this winter and spring were generally good for agriculture. Losses during winter storage of cultivated crops were below the average of those in the last five years, amounting to 1.6 percent of the grain and 14 percent of the rape. Spring vegetation of cultivated crops this year began 2-3 weeks earlier than in the last 2 years, which were bad. According to inspections at the end of June, this year, all grains and root crops looked better than at the same time last year. The shortage of fodder and the lower interest in animal breeding before the rise in procurement prices, i.e., before April 1st of this year, were responsible for the much lower farm animal population at the end of June of this year.

Preliminary results of the census of farm animals (on June 30, 1981) are shown in Table 3.

The drop in the number of farm animals was responsible for the reduction in amounts of purchase of animal-derived farm products. Figures on purchases of basic animal products in the first half of this year appear in Table 4.

There was a large drop in purchases of agricultural products. In fixed prices, the total value of procurement in the first half of this year was 11 percent below that of the same period last year.

Although the quantity of farm products purchased dropped substantially, due to the increases in purchases prices granted in November 1980 and April 1981 the value of procurement from nonsocialized farms, in current prices, rose 15 percent, in comparison with the first half of last year.

Table 3.

	(1) Wykaz gospodarczy	(2)	(3)	(4)	(2)	(3)	(4)
		pojedyncze wspomnienia	pojedyncze wspomnienia	pojedyncze wspomnienia	pojedyncze wspomnienia	pojedyncze wspomnienia	pojedyncze wspomnienia
		(5)	1951, mil.	30 VI 1950-1951			
Bydło (6)		31880,7	2935,4	2845,3	82,3	85,4	86,2
(7) w tym krowy		5758,3	383,1	4935,2	36,7	31,7	31,2
Trzoda chlewna (8)		18487,3	4881,8	13645,3	86,7	84,8	85,8
(9) praca na polu							
3 m-cy		6778,3	1861,6	5511,5	58,8	59,5	59,5
(10) warzywa od 3 do 6 m-cy		5453,8	1336,7	3822,9	58,8	58,2	54,5
(11) zboże na chów		2185,6	416,4	1771,2	58,3	54,9	51,4
(12) w tym pszenica		1982,3	271,7	1646,3	52,3	50,5	52,9
lucernki, boczanki							
1 inne		4966,9	1657,1	2399,8	54,7	57,8	54,6

Table 4.

Key:

1. Item
2. All of agriculture
3. Socialized farming
4. Nonsocialized farming
5. In thousands
6. Cattle
7. Cows
8. Swine
9. Piglets, under 3 months
10. Piglets, 3-6 months
11. Brood sows
12. In farrow
13. Porkers, baconers, et al

Key:

1. Item
2. First half 1981
3. Total
4. From socialized economy
5. From nonsocialized economy
6. In absolute numbers
7. First half 1980 = 100
8. Slaughter animals, converted to meat-fat mass, in after-slaughter warm weight, in thousand tons
9. Beef
10. Pork
11. Poultry
12. Milk, in million liters
13. Eggs, in millions

During the first 6 months of this year, problems in supplying agriculture with production resources, especially artificial fertilizers and concentrated feed, intensified. During the entire first half of this year there were acute shortages in many types of spare parts for tractors and farm machines, as well as shortages of batteries and tires.

Tractor deliveries to agriculture in the first half of his year totaled 30,800, an increase of 3.7 percent over the same period last year. The total number of tractors in all of agriculture, according to an estimate made at the end of June 1981, was 640,000, which is about 7 percent more than at the end of June 1980.

For the 1981 crops, farming used 3,515 thousand tons of artificial fertilizers (calculated in pure ingredient), i.e., about 3 percent less than for last year's crops. Consumption of these fertilizers was 187 kg per 1 hectare of arable land, which was 6 kg less than in the previous farming year.

Deliveries of certified seed for four grains to revitalize the sowable material for the 1981 crops totaled approximately 573,000 tons, about 2 percent more than last year's deliveries.

The sale of concentrated feed for all of agriculture during the 1980-1981 farming year amounted to 7,220 thousand tons and decreased in comparison with the previous farming year by about 1,172 thousand tons, i.e., about 14 percent.

Investment credits, turnovers, for installment or cash purchases, paid by the Food Economy Bank, to the rural population, totaled 26.7 billion zlotys, which was 18.3 percent higher than in the first half of 1980.

Investment credit payments to agricultural production cooperatives amounted to 4.5 billion zlotys and were 40.9 percent lower than during the same period last year.

Investment credit payments to farming units belonging to agricultural circles totaled 4.5 billion zlotys and were 5.3 percent lower in comparison with the first half of 1980.

Transport

Socialized transport enterprises hauled about 633.1 million tons of freight during the first half of 1981. This was 25.8 percent less than in the comparable period last year. Passenger haulage by socialized transport totaled 1,740 million passengers, a drop of 2 percent.

The Polish State Railroads hauled over 204 million tons of freight and about 549 million passengers. Freight loading was 17.8 percent lower than in the first half of 1980, while passenger haulage increased slightly (0.1 percent).

The decrease in the amount of railroad freight haulage was attributed especially to the drop in haulage (as compared with the first half of 1980) of the following groups of freight: hard coal, a drop of 22 million tons; ore, 2.3 million tons; natural aggregate, 3.7 million tons; cement, 1.3 million tons; stone, 1.8 million tons; petroleum and petroleum products, 1.4 million tons; metal and metal products, 2.8 million tons; and wood and wood products, 1.1 million tons.

The number of freight cars out of service for need of repairs increased. The average daily number of these cars during the first half of 1981 was 49,200, which was 13,000 (35.7 percent) more than in the first half of 1980.

Deliveries of standard-gage railroad rolling stock during the first half of this year were considerably lower than during the same period last year, aside from passenger cars, of which 164 more were delivered.

Haulage of freight by public and subbranch motor transport amounted to 386.1 million tons during the first half of this year, which was 30% less than during the first half of 1980. Passenger haulage by public motor transport totaled over 1,185.8 million passengers, 2.9 percent fewer.

Deliveries of trucks and truck-tractors in public and subbranch motor transport in the first half of this year totaled 5,100, 46.1 percent below deliveries made in the first half of 1980.

Of the total number of heavy motor vehicles in the inventories of the public and subbranch motor transport enterprises in the first half of 1980, 42.1 percent of the vehicles, on a daily average, were inoperative due to technical and operational breakdowns. Compare this with 36.8 percent in the first half of 1980.

About 17.2 million tons of cargo, i.e., 22.6 percent less than in the first half of 1980, were hauled by the shipping interests.

The total sea tonnage of the transport fleet sailing under the Polish flag amounted to 4,516.9 DWT on June 30, 1981, the same level as at the end of June 1980.

During the first 6 months of this year, over 20.7 million tons of cargo were trans-loaded in the commercial seaports. This is 42.6 percent less than in the first 6 months of last year.

Investments and Construction

Investment outlays in the socialized economy in the first half of this year totaled 179.4 billion zlotys, which included outlays for construction-assembly work amounting to 90 billion zlotys and outlays for the purchase of machinery, equipment and transport means amounting to 81.8 billion zlotys. In comparison with the first half of last year, investment outlays were 23 percent lower, construction-assembly work outlays were 24.4 percent lower, and outlays for purchases were 21.9 percent lower.

At the end of June of this year, the total cost-estimate value of investments in the process of implementation in the socialized economy amounted to 2.1 trillion zlotys (together with deferred investments). Committed outlays, or the amount needed to complete the full investment program, amounted to 1,170 billion zlotys.

In comparison with the end of 1980, the investment commitment decreased by 122 billion zlotys, whereas during the 1970's until the end of 1980, the commitment was on an upward trend.

Frozen investment outlays, which at the end of June 1981 totaled 828 billion zlotys, grew by 31 billion zlotys, i.e., 3.8 percent, in comparison with the end of 1980 (together with deferred investments).

Of the investment construction tasks expected to be completed and released for operation in the first half of this year in the socialized economy, 64.9 percent were completed (calculated by the cost-estimate value of the jobs), including the following:

-- power unit No 4 (200 MW) in the Polaniec Power Plant,

- heating boilers in the heat and power generating plants in Warszawa-Wola and Bialystok,
- new 550 meter extraction level in the Szczygłowice Hard Coal Mine,
- 120,000 tons-per-year-capacity production installations in the small rolling mill at the M. Nowotko Steelworks in Ostrowiec Swietokrzyski,
- a house factory (6,000 rooms per year) in Wapienica,
- chick hatcheries in Cierpice and Gostynin,
- 13 hospitals and hospital annexes with a total of 2,366 beds, including Brodnowski Hospital in Warsaw (821 beds), a hospital in Lubartów in the Lublin voivodship (353 beds), and a hospital in Biskupiec, Olsztyn voivodship (272 beds),
- 23 kindergartens with 2,700 spaces, including 4 kindergartens with 510 spaces in the Katowice voivodship, 4 with 420 spaces in the Szczecin voivodship, 2 with 240 spaces in the Warsaw Capital voivodship, and 2 with 240 spaces in the Koszalin voivodship,
- 14 infants' day nurseries with 1,015 spaces, including 3 with 185 spaces in the Wrocław voivodship and 2 with 150 spaces in the Walbrzych voivodship.

In housing construction in the national economy, during the first half of this year 82,100 dwellings, with a total usable floor area of 4.8 million square meters, were released for occupancy.

The number of dwellings released was 35,600 (i.e., 30.2 percent) lower than during the first half of last year. Their usable floor area was 2.3 million square meters less, or 31.8 percent.

The implementation of housing construction during the first half of this year, broken down according to the form of construction, is shown in the following table:

<u>Item</u>	<u>Dwellings</u>		<u>Usable Floor Space</u>	
	<u>Thousands</u>	<u>First Half 1980 = 100</u>	<u>Thousands m²</u>	<u>First Half 1980 = 100</u>
TOTAL	82.1	[illegible]	4822.9	[illegible]
from the following funds:				
State.....	16.6	79.7	897.3	[illegible]
Cooperative.....	54.5	69.8	2858.8	[illegible]
Private incomes	11.0	58.5	1066.8	57.8

The low level of new housing construction starts in socialized housing construction in the first half of this year arouses concern as to next year's results.

In socialized construction-assembly enterprises, production in the first half of this year amounted to 132.4 billion zlotys and was 20.6 percent lower than production in the first half of last year.

Average employment in socialized construction-assembly enterprises totaled 999,600 people and was 3.6 percent lower, 37,000 people, than during the same period last year. At the same time, payment from the personal wages fund rose 25.1 percent.

The value of total turnover (production and services) per one employee dropped 17.2 percent in comparison with the first half of last year, while average monthly wage per one employee rose 29.7 percent, i.e., by 1,742 zlotys.

Foreign Trade

The implementation of foreign trade turnovers in the first half of 1981 was conducted under very difficult conditions. On the one hand, export was reduced by the low level of production and the increased demands of the domestic market, and on the other hand, payment difficulties reduced imports from capitalist countries. Foreign trade turnovers dropped drastically in comparison to the first 6 months of last year. During the first half of this year, the value of exports (in current prices) was 22 billion foreign exchange zlotys and was 17.3 percent lower than the first half of 1980, and the value of imports (in current prices) was 24.8 billion foreign exchange zlotys, i.e., a drop of 7.4 percent. The negative balance of commodity turnovers in the first half of this year reached 2.8 billion foreign exchange zlotys, as compared with 0.1 billion zlotys in the first half of 1980.

The value of exports to socialist countries during the first half of this year was 12.7 billion foreign exchange zlotys and was 14 percent lower than a year ago; however, the value of imports from this direction rose 5.4 percent, reaching 15.0 billion foreign exchange zlotys. Fuels, raw materials and other materials, imported principally from the USSR, showed a large increase—21 percent. In the first half of this year, the value of imports from the USSR was 15.4 higher than in the first half of 1980, while exports to these countries fell 17.2 percent. The balance of turnovers with socialist countries was negative and amounted to 2.3 billion foreign exchange zlotys, while in the first half of 1980 it was positive and amounted to 0.5 foreign exchange zlotys.

The value of exports to capitalist countries was 9.3 billion foreign exchange zlotys in the first half of 1981, i.e. 21.5 percent lower than in the first half of 1980; the value of imports amounted to 9.8 billion foreign exchange zlotys, dropping 21.8 percent. Imports of fuel, raw materials and other materials from this direction fell 38 percent, including metallurgical products over two-fold, iron ore almost two-fold, petroleum products almost ten-fold and paper pulp, three-fold.

The negative balance of commodity turnovers with capitalist countries in the first half of this year amounted to 0.5 billion foreign exchange zlotys, compared with 0.7 billion foreign exchange zlotys in the first half of 1980.

The negative balance of commodity turnovers and the interest paid on the debt increased the indebtedness still further in relation to the state of affairs at the end of 1980.

The medium- and long-term debt in the foreign currencies of the capitalist countries reached 74.9 billion foreign exchange zlotys at the end of June of this year, i.e., at the current rate of exchange for one dollar, which is 3.437 foreign exchange zlotys, the debt is 21.8 billion dollars. By last year's exchange rate, the debt would be 24.5 billion dollars.

Prices continue to increase substantially in foreign trade turnovers. In comparison with prices in the first half of 1980, export prices rose about 7 percent and import prices, 10 percent. The drop in the physical size of both exports and imports was also much greater than the drop in turnovers in current prices. It is estimated that in the first half of this year, in comparison with the first half of last year, exports, in fixed prices, were 22.8 percent lower, imports 15.5 percent lower.

The value of export of electrical machinery industry products in current prices this half year was 10.5 billion foreign exchange zlotys, i.e., 5 percent lower than in the first half of last year; this drop is estimated at 10 percent in fixed prices.

The largest decline in exports was recorded for fuels and farm-food products. During the first half of this year, 8.5 million tons of hard coal was exported (2 million tons in the first quarter, 6.5 million tons in the second quarter), compared to 19.9 million tons during the same period last year; coke, 751,000 tons, i.e. 22 percent less; petroleum products, 475,000 tons, i.e., two-fold less; canned hams, canned meats and sausages, 28,700 tons, i.e., one-third less; meat and slaughter animals, 15,600 tons, i.e., 42 percent of last year's level. Export of other basic commodities also dropped. These include copper, semifinished products, metal products, silver, cotton and cottonlike fabrics, wool and woollike fabrics, footwear, knitted and clothing items, and furniture.

The value of imports of electrical machinery products (in current prices) reached 7.5 billion foreign exchange zlotys, which compared with the first half of last year is a 15 percent drop; in fixed prices, imports in this group dropped 20 percent. Also, less petroleum, iron ore, metallurgical products and paper pulp was purchased, but this drop pertained only to imports from capitalist countries. However, imports of farm-food goods rose substantially. In the first half of this year, 4.6 million tons of grain and flour products were purchased (6.5 percent more than during the first half of last year), with a 30.5 percent increase in value; 32,100 tons of butter; 131,000 tons of sugar; 21,300 tons of meat; 35,400 tons of lard; 50,800 tons of potato flour; and 44,800 tons of rice. This was mainly import from the dollar area. Imports of some other raw materials, such as cotton, wool, potassium fertilizers, pig iron and gas, were also higher than a year ago.

Population and Employment

Poland's population at the end of June 1981 was 35.9 million. The population had increased by 165,000 since the first of the year.

Of the 35.9 million people, 21.2 live in the cities and 14.7 in the villages. The percentage of city people is almost 59 percent.

The average employment in the socialized economy in the first half of 1981 was 12,021 thousand people, which was an 0.4 percent increase over the same period in 1980. The growth in employment occurred in transport and communication, trade, health protection, social welfare, finance and insurance. The decline was mainly in construction.

Wages and Cost of Living

The wages fund in the socialized economy, including payments made out of the personal fund, the fund for payment of casual and part-time personnel, fees, agency commissions, and plant rewards fund, amounted to approximately 556 billion zlotys, or about 25.1 percent more than in the first half of 1980. The personal wages fund in the socialized economy was 500 billion zlotys, an increase of 26.5 percent in comparison with the first half of 1980.

The nominal average net monthly wages per one worker in the socialized economy in the first half of 1981, according to preliminary calculations, were 6,780 zlotys and were 1,397 zlotys higher, i.e., 26 percent, over that of the first half of 1980. This large increase in average wages was mostly due to the wage increases granted during the last 6 months of 1980. Calculated on the basis of these increases alone, the index of average wage growth in the first half of this year (compared with the first half of last year) was 22.8 percent.

The disorganization of the domestic market and the acute shortage of most basic goods has made it impossible to reliable determine the increase in living costs and the real wages growth rate index.

The increase in living costs in the first half of 1981, in comparison with the first half of 1980, calculated according to the method used, was over 15 percent. It is estimated that food costs increased 14.3 percent (about 10.3 in the socialized trade and about 48.3 percent in the open-air markets). Prices of alcoholic beverages are estimated to have gone up about 41.2 percent, nonfood consumer articles about 8 percent, and cost of services about 11.5 percent.

The living costs index cannot fully account for the actual changes in the working peoples' material situation, inasmuch as the incomes received during the first half of this year were frequently used for unplanned purchases, or for purchases exceeding normal requirements. These incomes were also used to make relatively large purchases at much higher prices on the black market, or even on the free market. Due to the scarcity of goods, a large portion of the incomes had to be set aside in the form of compulsory savings.

The average number of annuitants and pensioners (excluding annuities and pensions for farmers) in the first half of 1981, totaled 4,200 thousand, which was 143,000 more, or 3.5 percent more, than in the first half of 1980. During the same period, the total sum of annuities and pension payments reached 88.5 billion zlotys and grew, in comparison with the first half of 1980, by 18.5 billion zlotys, i.e., 26.4 percent. In the first half of this year, the average annuity and pension made up 48.6 percent of the average wage, compared to 50.8 percent in the first half of last year.

The average monthly current annuity and pension was 3,296 zlotys in the first half of 1981 and was higher by 560 zlotys, or 20.5 percent, in comparison with the first half of last year, while the newly granted average monthly annuity and pension was 3,934 zlotys, 546 zlotys more than in the first half of 1980, or 16.1 percent.

The average number of annuities and pensions paid to private farmers during the first half of 1981 was 534,000 and was 152,000 more, i.e., 39.8 percent, than in the same period the previous year. The sum of the payments for this purpose amounted to 6.5 billion zlotys and was 45.4 percent higher in comparison with the first half of 1980. The average current annuity and pension in this social group was 2,180 zlotys and increased by 210 zlotys, i.e., 10.7 percent, in comparison with the first half of 1980.

The number of families receiving family relief benefits in the first half of 1981 was 4.7 million, 189,000 more, i.e., 4.2 percent, in comparison with the first half of 1980.

In sum, benefit payments, principally covering family and maternity benefits, amounted to 17.6 billion zlotys and increased 22.4 percent over the first half of 1980. In addition, 18.8 billion zlotys in sick benefits were paid to workers out of the personal fund. These were 24.2 percent higher than in the comparable period in 1980.

The Money-Market Situation

The money market was distinguished by a severe lack of balance between the population's purchasing power and the supply of goods and services.

The population's total monetary receipts in the first half of 1980 totaled 961.1 billion zlotys and were 172.2 billion zlotys, i.e., 21.8 percent, higher in comparison with the first half of last year. A considerable amount of the monetary receipts were laid aside in the form of savings deposits and cash reserves. During the period from January 1 to June 30 of this year, the population's money reserves grew by 127.5 billion zlotys. This was 13.3 percent of the population's total receipts.

The population's money reserves at the end of June of this year amounted to 893.3 billion zlotys and increased, in comparison with reserves at the end of 1980, by 127.5 billion zlotys, or 16.6 percent. Of this, 596 billion zlotys was in savings deposits, which increased by 96.2 billion zlotys, i.e., 19.2 percent, and 297.3 billion zlotys was in cash reserves, which grew by 31.3 billion zlotys, or 11.8 percent.

The total value of domestic and imported goods delivered to the market in the first half of this year was 704.8 billion zlotys, and calculated in current retail prices, this was 0.5 percent higher in comparison with the first half of last year. In terms of fixed prices, deliveries of goods to supply the market were 10 percent lower than in the first half of last year.

Figures on deliveries of the more important goods to supply the market are shown in Table 5.

Table 5.

<u>Products</u>	<u>Unit of Measure</u>	<u>First Half 1981</u>	
		<u>In Absolute Numbers</u>	<u>Index</u> <u>First Half 1980 = 100</u>
Meat, poultry, variety and processed meats.....	thousand tons	887.8	87.6
Meat, variety and processed meats....	thousand tons	713.2	83.2
Poultry, variety and processed.....	thousand tons	174.6	111.8
Fish and processed fish.....	thousand tons	134.6	106.2
Fats:			
Animal.....	thousand tons	78.3	101.7
Vegetable.....	thousand tons	108.4	119.0
Butter.....	thousand tons	116.1	101.0
Milk.....	million liters	1271.5	105.7
Ripening cheeses.....	thousand tons	27.7	80.5
Cottage cheeses.....	thousand tons	103.0	108.3
Wheat flour.....	thousand tons	309.0	111.7
Groats.....	thousand tons	163.8	109.4
Rice.....	thousand tons	44.4	105.3
Eggs.....	million	1364.3	125.6
Sugar.....	thousand tons	384.4	81.5
Vodka, flavored and unflavored, converted to 100°	million liters	77.8	84.7
Wines and meads.....	million liters	139.9	80.5
Chocolate and chocolate products.....	thousand tons -	63.7	106.3
Cigarettes.....	billion	41.9	85.8
Fabrics:			
Cotton and cottonlike.....	million meters	93.0	82.7
Wool and woollike.....	million meters	34.8	83.0
Silk and silklike.....	million meters*	31.5	90.5
Knitted products.....	billion zlotys*	18.0	83.2
Hosiery type	billion zlotys*	5.1	91.5
Woven-fabric garment.....	billion zlotys	30.7	94.7
Footwear, total.....	million pairs	57.1	90.2
incl.: with leather, plastic and synthetic uppers.....	million pairs	33.0	93.3
rubber and textile-rubber.....	million pairs *	11.6	87.2
Furniture.....	billion zlotys	18.9	89.7
Household refrigerators and freezers.....	thousand	337.4	91.4
Household electric washing machines and spin-driers.....	thousand	307.0	94.5
incl. automatic washing machines	thousand	178.1	97.3
Sewing machines.....	thousand	115.2	98.4
Laundry powders and granules.....	thousand tons	83.9	92.6
Soaps: Toilet, ordinary and special.....	thousand tons	29.7	94.4

[Table continued on following page]

Table 5. [Continued]

<u>Products</u>	<u>Unit of Measure</u>	<u>First Half 1981</u>	
		<u>In Absolute Numbers</u>	<u>Index First Half 1980 = 100</u>
Receivers: Radio.....	thousand	1130.9	102.3
Television	thousand	472.3	89.4
Color television.....	thousand	121.3	109.9
tape recorders.....	thousand	265.5	81.1
Automobiles.....	thousand	87.4	97.2
Bicycles.....	thousand	571.5	83.6
All-purpose farm tractors.....	thousand	23.7	115.8
Automobile tires.....	thousand	572	63.5
Hard coal and hard coal briquettes.....	thousand tons	13779	91.7
Fertilizers: Nitrogen**	thousand tons	537.5	120.3
Phosphorous**	thousand tons	315.1	97.1
Potassium**	thousand tons	751.1	136.8
Cement.....	thousand tons	2347	84.2

*In retail prices from first half of 1980. **In pure ingredient.

Supplies of most basic food commodities, with the exception of meat, ripening cheeses and sugar, were higher than in the first half of last year.

Supplies of meat, poultry and meat and poultry products were 125,400 tons lower, i.e., 12.4 percent. Despite increases in supplies of some commodities in comparison with the first half of last year, there were still serious shortages of these commodities on the domestic market. The critical shortage of meat and meat products resulted in an increased demand for other food items. The growth in the population's purchasing power and the unstable economic situation was responsible for excessive purchases of some food items, which made it impossible to keep them in stock at all times. The demand for consumer durable goods and other nonfood items increased.

Beginning in April of this year, sales of meat, poultry and meat products, were rationed throughout the country. In May, butter, flour, groats and rice were added to the ration list.

The meat rationing system somewhat equalized the level of supplies among the individual voivodships. In these circumstances, the drop in supplies of meat and poultry, as compared with last year, affected the large urban centers; at the same time, supplies of meat, poultry and meat products increased in many voivodships.

During the first half of the current year, in comparison with the same period last year, supplies of flavored and unflavored vodka declined 15.3 percent; wine, 19.5 percent; and cigarettes, 14.2 percent.

Supplies of most nonfood items were lower in comparison with the first half of last year.

Shortages in basic hygiene products are particularly acute, particularly laundry detergents (a 7.4 percent decline in supplies), toilet soap (5.6 percent drop) and many others.

There were also severe shortages in many light industrial products. There has been an inadequate supply of most durable goods, coal and construction materials.

The value of retail sales by units of the socialized economy in the first half of 1981 amounted to 688.7 billion zlotys, which represented an increase of 9.6 percent in comparison with the same period last year, calculated in current prices. In terms of comparative prices, retail sales of goods were down 1.8 percent. The decline in food sales, compared with the first half of last year, calculated in fixed prices, was 2.9 percent, and in alcoholic beverages, 25.1 percent. Sales of nonfood items were 4.6 percent higher.

The relatively high level of retail sales of nonfood goods occurred at the expense of depletion of commercial stocks.

The value of reserve stocks in the commercial market on June 30, this year, was 328.5 billion zlotys, which is a drop of 57 billion zlotys (20 percent) compared with the amount of stocks in June 30, 1980, calculated in current prices. Food commodity stocks totaled 25.9 billion zlotys, i.e., they dropped by 18.7 billion zlotys (42 percent) and stocks of nonfood commodities, 202.6 billion zlotys, i.e., 38.3 billion zlotys lower (19 percent).

The sales of services to the population in units of the socialized economy totaled 100.6 billion zlotys in the first half of 1981. Compared with the first half of 1980, sales of services increased 10.5 percent.

If the effects of price changes are disregarded, this increase is much lower, amounting to about 4.5 percent.

Social and Cultural Services

Current expenditures from the state budget for social and cultural services (education, health protection, social welfare, physical culture, sports, tourism, and rest) in the first half of 1981 totaled 115.3 billion zlotys and were 20.4 billion zlotys, i.e., 21.5 percent higher than for the same period last year.

The growing number of preschool-age children in recent years, and children reaching school age, has resulted in an increase in the number of children being cared for in preschool institutions and in the number of children starting primary school. The demographic lows of prior years have, as a consequence, reduced the number of graduates of primary schools which, in turn, has reduced enrollment of youth in post-primary schools.

In 1980, 1,222.9 thousand children were cared for in preschools (48.8 percent of the children between 3 and 6 years of age. In comparison with the previous year,

the number of children in preschools increased 3.6 percent. Of 1,000 children 6 years old, 975 were cared for in preschools. The enrollment far exceeded the standards for the number of children in these institutions (there are 124 children per 100 spaces).

The number of spaces in infants' day nurseries, as compared with December of last year, increased by 1,000 and now totals 104,500, but this is still insufficient to meet needs.

During the 1980-1981 school year about 7 million people were attending schools of all levels, which is 14 percent fewer than during the previous year. The number of pupils in the first grade in the primary schools is increasing steadily. During the 1980-1981 school year, 385,500 children, 4.2 percent more than during the 1979-1980 school year, enrolled.

Approximately 501,000 pupils finished primary school during the 1980-1981 school year, i.e., 3.5 percent fewer than during the previous school year. The number of graduates of primary schools for youth was 2.9 percent lower in comparison with the previous school year and amounted to 485,000. Approximately 107,000 people finished secondary schools and approximately [illegible figure] completed trade schools of all types.

The number of graduates of advanced vocational schools and master's degree institutions in the first half of 1981 was about 50,000. In addition, 4,600 graduates completed further master's degree work.

Scholarships were granted to 131,500 day students in the higher schools, which is 15.5 percent more than during the 1979-1980 academic year. This means that almost every other student received scholarship assistance.

At the end of June of this year, 67,900 physicians and 17,900 dental surgeons were registered in Poland, which amounts to 18.9 physicians and 5 dental surgeons per 10,000 population.

The number of beds in general hospitals increased by 1,700, compared with last year, and totaled 202,500. This is 56.4 beds per 10,000 population (compared with 56.2 in December 1980).

During the period discussed, four new health centers were added, for a present total of 3,222.

The infant mortality index per 1,000 live births, which was 21.3 at the end of 1980, remained at that level during the first half of this year.

Due to the decline in paper production in the first half of 1981, publishing was adversely affected. During this period, 2,650 books and pamphlets were published, for a total printing of 71.2 million copies. In comparison with the first half of last year, the number of titles dropped 18 percent and total printing dropped 11.8 percent. The large drop was in textbooks (29.2 percent fewer titles and 26.9 fewer copies). In total, during the first half of 1981, 2,200 textbook titles were published, with 18 million copies printed.

The number of newspaper and periodical titles remained unchanged, but the number of editions published dropped. A total of 1,269.4 million copies of newspapers were published (9 percent less than in the first half of 1980) and 346.6 million copies of periodicals (18.3 percent less than in the first half of 1980).

Television's reach continues to expand. The number of television subscribers in the first half of this year was 8,055 thousand and was 1.3 percent higher than during the first half of last year. The number of radio subscribers (8.7 million) remained at the same level as in the first half of 1980.

9295
CSO: 2600/284

INCREASING USE OF COAL AS HOUSEHOLD HEATING SOURCE VIEWED

Bucharest REVISTA ECONOMICA in Romanian No 26, 26 Jun 81 pp 14-15

[Article by Dr Virgil Dinca: "Expanded Use of Coal for Household Consumption"]

[Text] The low reserves of oil and gases, as well as their price increases, have renewed the interest in coal in most countries in the world. In fact, the return to coal represents one of mankind's alternatives in assuring its energetic future, insofar as coal is currently the one fuel that is most plentiful on earth. According to some recent estimates, more than nine-tenths of the world's energy reserves that can be exploited and used by known technical means, consist of coal. Under these conditions, household consumption must also follow the general energy strategy by increasing the proportion of coal among the fuels being used.

Conditions for Efficient Utilization

During 1970, Romania's coal production was nine times as high as that of 1938, and about 25 times as high in 1980. At the same time, a rapid growth was assured in household consumption of coal compared to other sources of thermal energy, this consumption increasing 7-fold in 1970 and about 20-fold in 1980, with respect to 1955 (see table 1). However, as a portion of the total consumption of fuel among the population, the same table shows coal to still be at the low level of about 14 percent, and even to have stagnated during the past 10 years. But since no other alternative appears to be available, and given the present and future general interests of the economy, an increase in the proportion of coal used in household fuel consumption becomes an objective necessity. The problem is to determine which conditions of use in thermal plants and in individual consumption are most advantageous for the economy and the population.

From this standpoint, things are clear for housing as a whole. According to calculations performed by the Institute for Energy Studies and Planning in previous years, thermal plant installation represents the most advantageous solution for heating, and the first one to be recommended for using coal for heating (see table 2). Heating with coal, and specifically with the lignite available in Romania, falls within acceptable economical limits even when used in thermal plants. The cost per heat unit improves as the capabilities of plants and the capacities of boilers increase, and as they supply larger housing groups. The use of lignite in small units--below 1 Gcal/h--is not recommended, because in addition to the cost

Table 1. Evolution in household fuel consumption (percent).

Source of supply	1960		1970		1980	
	1	2	1	2	1	2
Firewood	115.0	36.0	65.7	18.5	38.4	9.1
Coal	229.6	4.3	685.0	14.5	1960.0	13.8
Agricultural waste	141.2	24.7	152.0	18.0	124.0	11.6
Petroleum products	123.1	9.4	186.0	9.5	350.0	18.1
Natural gases	123.1	22.4	376.5	29.0	493.0	28.1
Thermofication	194.2	3.2	1250.0	10.5	2800.0	17.1
Electric power	--	--	--	261.7	261.7	2.2

Note: Column 1 shows the change with respect to 1955 (1955 = 100), and column 2 the percentage of various types of fuels.

difference, fuel losses are incurred compared to its burning in large boilers. Micro-thermal plants for lignite are justified when large boilers are already operating with inferior coal, or when the energy policy recommends such an approach in order to protect high-grade fuel resources. It should be added that an analysis of the economic elements that determine the use of a given type of fuel, must also take into consideration the transportation costs determined by the volume of material and distances between suppliers and consumers. From the available data, it is estimated that the transportation of coal over more than 200 km becomes uneconomical (see table 3).

Given the circumstances for fuel balances in the years to come, the need to safeguard natural gas reserves so as to assure raw materials for the chemical industry for the longest possible time, as well as the fact that the domestic consumption demand must be filled through greater importations of crude oil, it becomes necessary to assign priority to the development of urban housing heating by means of public facilities supplied from thermal power plants and zone thermal plants. These units must be equipped with boilers manufactured in Romania, operating with inferior coal, and dimensioned and located for high efficiency.

For individual consumers, especially in rural areas, the encouragement toward coal utilization depends on the fabrication and distribution of stoves and burning installations suitable for this fuel. A significant problem in this respect is the construction of stoves which will take into account the quality and specific features of Romanian coal: easily degradable by exfoliation, and with a high content of water, steriles, and dust. An improved form for lignite utilization in stoves is briquets, whose consumption has increased from year to year. Briquets have a higher heat content, and present advantages in transportation, handling, and storage. At the same time, the new stoves and burning installations must fulfill the multiple functions of conventional stoves, which served for heating, cooking, and baking, and retain their feature of accumulating heat and maintaining it for the longest possible time. To the extent to which it is possible, stoves must include a receptacle in their tops, which will supply hot water for the household.

Table 2. Lignite heating costs for a conventional apartment.

Heating system	Costs in lei
I. Investment costs	
Urban thermal plant networks	8600-9500
District or zone thermal plants for groups of 1200-7000 apartments	13,500-18,000
Apartment house thermal plants (80 apartments)	20,000-22,000
II. Annual operation and maintenance costs	
Urban thermal plant networks	1550-1900
District or zone thermal plants for groups of 1200-7000 apartments	2634-3696
Apartment house thermal plants (80 apartments)	9000-9500

Role of Research and of Responsible Territorial Agents

Specialized research and builders of individual burning devices have a big role to play in rapidly solving this problem. Until then, economic measures are necessary to encourage the replacement or adaptation of existing stoves at suitable purchase or transformation prices, with time payments, considering that the promotion of lignite for household consumption is determined not so much by the wishes of consumers as by the interests of the economy. Major research efforts must be first of all oriented toward the economical processing of solid fuels so as to improve their burning characteristics, reduce pollution, perfect individual burning systems and devices, and increase burning yield and comfort factors.

Another important problem in coal processing is to eliminate smoke during burning, which in addition to creating pollution, frequently blocks stovepipes and stacks. Some results have already been obtained in producing a so-called smokeless fuel by semi-carbonizing coal at about 700 degrees C, especially in the case of young bituminous coals with a high content of volatile matter. But its production is not yet economical, involving as it does a complicated and costly technology. However, it could become economical if the respective fuel is a byproduct in the manufacture of city gas (Stadtgas) or pipeline gas (Ferngas) through coal degassing with concurrent valorification of tars, a process already being used in such countries as FRG, England, and so on. Until then, we must expand the use of briquetting, which in addition to the advantages already mentioned, allows the valorification of coal fines resulting from mechanized exploitation, and transforms it into a fuel of standard shape and quality, and resistant to weather, handling, storage, and burning. Briquets make it easier to sell inferior coals and offers consumers the opportunity of using a solid fuel under good conditions of hygiene and comfort.

One of the research tasks is a continued improvement in the yield and convenience of coal utilization, through a modification of burning systems and devices, at minimum expense to be compensated from advantages obtained. An appropriate burning device must in general meet the following specifications: be capable of using all types of solid fuels intended for non-industrial purposes (household use); burning to be controlled easily and as simply as possible, as for instance by regulating air

Table 3. Influence of transportation distance on cost of heat unit (lei/Gcal).

Type of fuel	Transportation distance			
	50 km	100 km	150 km	200 km
Lignite from the Cimpulung-Muscel Basin	84	88	92	95
Lignite from the Nort-West Ardeal Basin	76	81	84	88
Lignite from the Rovinari and Motru Basins	64	71	76	80
Sorted pitcoal from Valea Jiului	55	58	59	61
Lignite briquets from Capeni	74	76	78	80
Pitcoal briquets from Coroesti	64	66	67	68

intake; allow the loading of a large amount of solid fuel, assuring its continuous burning and thus the continuous and uniform heating of a room for a long period of time. A number of successful experiments conducted in recent years indicate the possibility of considering the downward burning system for stoves, in which the firebox is fully loaded with coal and lit at its top, with the fire descending through the fuel mass. This system has the advantage of burning almost without smoke, as long as the stove remains airtight. Air leaks, especially in the cinderbox, lead to an uncontrolled firing of the entire fuel load, accompanied by a violent release of heat which overheats the stove's radiation surfaces.

The purchase price of fuels is of the greatest importance in directing their consumption; it must reflect the state's economic policy in terms of energy resource management. Yet we note that a strong factor in price determination is the coverage of the costs involved in obtaining a given fuel, as a result of which no correlation exists between retail prices and heat values, with customers buying the same amount of heat at different prices. Nor are price differences correlated with the comfort provided by a given fuel. As an example, coal heat is more expensive than methane gas heat.

The distribution network plays a large role in extending coal consumption into houses with conventional means of burning. Transportation over large distances raises the price of fuel in general, and of coal in particular, and is difficult to achieve due to a lack of appropriate means of transportation. Although the amounts of solid fuels delivered to cities and villages are approximately equal, the rural distribution network is inadequate and unevenly disseminated over the territory. There is an average of one warehouse for 50 villages, and some counties have only 2-3 warehouses in all. Greater attention must thus be devoted to investment allocations for warehouses, so as to build them at locations which will satisfy the economic interests of villages and the people. According to some calculations, a solid fuel warehouse needs a turnover of at least 2000 tons per year in order to be profitable. Since this economic condition cannot always be fulfilled, we must expand the initiative taken by some counties, in which fuel carloads are sent directly to the more distant villages on the basis of customer lists approved by the managements of agricultural production cooperatives, peoples' councils, or local units. The fuel is unloaded and distributed by a citizens' collective formed by the customers included in the lists. It should be added however that in promoting this system no means have yet been found to encourage those who assume the responsibility of receiving, checking, unloading, and distributing the fuel.

In conclusion, the development of coal utilization within acceptable economic limits, for heating housing blocks, imposes the concentration of this housing in large groups, the use of heat distribution on the widest possible scale through large thermal plants equipped with the largest possible boilers, and a consideration of economic transportation distances. In housing with individual means of burning, an increase in the proportion of coal utilization requires the perfecting of devices which can use lower grade coals, the achievement of a closer correlation between purchase price, heat value, and comfort offered by fuels, and the improvement of the distribution network, particularly in rural areas. The longer range future imposes that economical technologic solutions be found for coal's problems of smoke, steriles, sulfur, and so on. At the present time, however, the quality of coal could be improved through briquetting.

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CSO: 2700/314

IMPORTANCE OF ESTABLISHING CONSUMPTION NORMS STRESSED

Bucharest REVISTA ECONOMICA in Romanian No 26, 26 Jun 81 pp 12-13

[Article by Theodor Stolojan, minister of finances]

[Text] A fundamental approach to fulfilling the tasks of the current five-year plan of quality and efficiency, in complete accordance with the objective requirement of increasing the contribution of intensive factors to the country's socioeconomic development, as was clearly emphasized during the 12th Party Congress, is to further reduce the consumption of materialized and live labor in all areas of activity, and to use rationally and with good stewardship, the material, labor, currency, and financial resources of society.

Within the new economic-financial mechanism, and as part of self-management and self-administration, an important role in encouraging socialist units to reduce expenses of any kind and limit them to strictly necessary amounts, is assigned to the system of norms and standards. At the work conference of the Central Committee of the RCP, on 4 June of this year, Nicolae Ceausescu referred to the consumptions of the economy and showed that new consumption standards must be rapidly introduced, both for energy and raw materials, as well as for financial and manpower expenditures, and that a rational system of high responsibility must be instituted in all sectors of the economy.

Order and Discipline in Resource Consumptions

Norms and standards express either predetermined limits for the efficiency with which material, manpower, currency, and financial resources are used under given technical, economic, and organizational conditions of economic and social processes; or optimum levels for the formation and allocation of resources at certain stages of socioeconomic development. At least two points must be clarified in connection with the content of norms and standards:

a) Independently of the unit of measurement used in their construction--natural, natural-conventional, time, money--they usually express a ratio whose magnitude characterizes the intensity and qualitative aspects of socioeconomic processes. We note for instance that the metal conversion coefficient in the metallurgical industry was 81.1 percent in 1980; in 1981, this coefficient is expected to be 83 percent, which in practical terms means that an additional 330,000 tons of milled

products will be obtained during the year from the same quantity of metal. Another illustrative example is the fact that during 1981, an increase of only one percent in the value of net production achieved with 1000 lei of fixed assets in industry, is equivalent to a net production growth of nearly three billion lei;

b) Norms and standards can be used in an extremely wide range of applications, in fact in all areas of socioeconomic activities. They can be applied in departments, branches, and territories, at all organizational levels, in enterprises, centrals, sociocultural units, ministries, and territorial-administrative units.

The Decision of the Central Committee of the RCP of March 1978 stipulated the expanded use of norms and standards in planning and using material and financial means, closely in keeping with the broader rights and functions of socialist units to plan their own activities, and with the need to strengthen economic-financial self-management, as well as order and discipline, in the consumption of resources. This has in fact increased the number of norms and standards which have come to express plan tasks by being included in the unified national plan.

At the same time, norms and standards constitute instruments of collective management organs in socialist units, for encouraging the determination of workers collectives, and of each individual worker, to reduce and limit consumptions of any kind to strictly necessary amounts, to fulfill the physical production, net production, investments, and exportations with maximum efficiency, and to supervise, analyze, and control these consumptions, thus becoming important moving forces for achieving workers' self-management and economic-financial self-administration.

All of the above also imply that norms and standards are usually of a compulsory nature, either because they are included in the plan, or because their application is stipulated as such in regulatory acts expressly adopted for this purpose.

Reasons for Extending the Use of Norms and Standards

Taking into consideration the general interest of society, the need for maximum economies of raw and other materials, fuels, energy, manpower, currency, and money, the stress placed by the existence of the world energy crisis, and the significant increase in expenses required to assure the basis of raw and energy materials for the economy, the party and state leadership has acted to establish a regulatory basis for all consumptions in socialist units, and to encourage the population's initiative and good stewardship in saving energy and other material resources.

It is well known that during the past five-year plan, the workers have obtained remarkable successes in reducing consumptions in the economy. During 1980 for instance, production costs per 100 lei of goods in the nation's industry were reduced by 6.3 percent with respect to 1975, with savings amounting to about 100 billion lei. Despite all the good results achieved in reducing consumption in the economy, large reserves still exist in this domain because some socialist units did not strictly adhere to the consumption norms and standards stipulated in the plan regarding the recovery, reutilization, and rebuilding of raw and other materials, energy, spare parts, and so on, leading to consumptions that have exceeded the plan's provisions. During 1980, the proportion of material costs in our country's social product was about 60 percent, a figure which is still high compared to that of economically developed nations.

The imperative need to update and perfect the norms and standards of the economy, to extend the application of norms and standards to some categories of consumption, and to use these norms and standards in formulating and founding the unified national plan, state budget, income and expense budgets, and other financial plans, can be better understood if the following are taken into consideration:

In recent years, and especially following the introduction of the new economic-financial mechanism, the national economy has seen significant improvements in the technologic, economic, and organizational conditions of material production and sociocultural activities, with broad positive effects on consumption increases in the economy. We need only point to the broad action to unify and standardize products and technologies, an action with extremely good results on the efficiency of resource utilization--the number of steel brands produced in Romania was reduced from 700 to 166, while the number of models and types of machines, tooling, and equipment in the machine building industry will be reduced by 77 percent--as well as on the development of recovery, reutilization, and rebuilding of raw and other materials, energy, spare parts, and so on. At the same time, all economic branches are endowed with modern fixed assets, as witnessed by the fact that more than 62 percent of them were placed in operation during the last decade. These new conditions make it necessary to first of all rapidly implement norms and standards for consumption in the economy;

A new legislative framework has been created, designed to assure stronger order and discipline in the stewardship of the national wealth and reduce consumption to strictly necessary amounts, in order to more rapidly increase the national income as the reliable source for continued improvements in the standard of living of the entire nation. We are referring in particular to Law No 11/1980 which modifies and complements Law No 14/1971, regarding the management of fixed assets, material resources, and technical-material supplies, which establishes precise functions and responsibilities in formulating and approving norms and standards;

Beginning in 1981, prices for production, selling, contracting, and purchasing, as well as tariffs, have been established for services rendered among socialist units; these prices have been updated and improved on the basis of economic criteria. This action, which is particularly necessary for the proper operation of the new economic-financial mechanism, especially demands the updating of norms and standards for expenses;

There still exist plan indicators which make very little use of norms and standards, as well as economic, sociocultural, and administrative units whose consumptions are not based on norms and standards.

Although it is known that any expense in the economy can be made only for objectives and actions included in the unified national plan and within the limits stipulated in income and expense budgets of socialist units, the experience of planning shows that wherever an indicator in these plans is not rigorously founded on norms and standards, the determination of consumptions and their actual values depend heavily on the consumption performances of the preceding periods.

In particular, in sociocultural sectors and administrative-territorial units which conduct their activities according to economic-financial self-management principles, norms and standards must be updated and expanded very rapidly not only in terms of consumptions but also of incomes, both within units and at a macroeconomic level;

The efficiency goals of the new five-year plan and of 1981 demand that all norms and standards for consumptions in the economy be reconsidered, in order to guide and encourage socialist units and workers' collectives to fulfill them. It is significant that during the current five-year plan, the valorification indicator for basic raw materials will increase by at least 34 percent, the metal consumption norm will be reduced by at least 21-23 percent, 40 percent of the domestic need for iron will be met from recovery and revalorification processes, and costs per 1000 lei of produced goods in the nation's industry will be reduced by 7-8 percent; action will also be taken to further reduce production costs in order to better compensate for the effects of price increases for raw and other materials, fuels, and energy.

Objectives and Responsibilities

Enterprises, centrals, ministries, and other local and central organs are charged with extremely important tasks of high responsibility in updating and rapidly introducing new consumption norms and standards into the economy. According to law, they have the obligation to assure the formulation and updating of consumption and stock norms and standards for all categories of raw materials, materials, and fuels; update norms and standards for their recovery, reutilization, and repair; update work norms in accordance with new technical and organizational conditions; update technologic norms for operating times between maintenance and repair shutdowns for fixed assets; and update the time standards allotted to operations and categories of operations.

The Ministry for Technical-Material Supply and the Control of the Management of Fixed Assets has the task of establishing and updating, upon proposal from balance coordinators, norms and standards for recovering, reusing, and rebuilding parts and subassemblies, as a task that is compulsory for all units in the economy. The ministry, together with the Ministry of Finances, the Ministry of Labor, and other central organs, have the task to update, on the basis of criteria approved by the party and state leadership, maximum expenditure norms for furniture and inventory items for all areas which conduct office activities, as well as for commercial, hotel, and public food units, and for units in the sociocultural sectors, with the aim of reducing these expenses to strictly necessary amounts.

Enterprises, centrals, ministries, and central and local organs also have the obligation to update and extend the norms and standards used in planning and carrying out administrative-management expenditures, expenses supported directly from the financial results of economic units, and expenses for actions of an economic nature which are still financed from the state budget—such as road repair and maintenance, some veterinary animal raising actions, village management, and so on.

Together with the efforts made to update and improve the existing system of norms and standards for consumptions in the economy, greater attention must be devoted to improving comprehensive norms and standards for consumptions or allocations of resources, as used in planning processes at the level of centrals, ministries, and other central organs in the economy.

DECREE ON SALE OF GOODS, EXECUTION OF SERVICES ON INSTALLMENT BASIS

Bucharest **BULETINUL OFICIAL** in Romanian Part I No 52, 20 Jul 81 pp 2-4

[Council of State Decree on the sale of goods and services on the installment payment plan]

[Text] Decree of the Council of State Regarding the Sale of Goods and Services on the Installment Payment Plan

The Council of State of the Socialist Republic of Romania decrees:

Article 1. - The socialist state and cooperative units can sell goods and services on the installment payment plan to physical persons under the conditions of this decree.

Article 2. - The goods that are sold and the services that are due on the installment payment plan, the payment terms, the number of monthly payments and the categories of persons who can use the installment payment plan for goods and services are those listed in Annex No 1.

Article 3. - The socialist units where the buyers or users of services are employed are required to deduct payments according to the sales-purchase contract or the service contract.

The value of the goods bought and the services purchased on the installment payment plan will be deducted by way of a schedule of payments from the monthly salary.

The pension payment organs are required to deduct from pensions installment payments and interest according to the contracts concluded by retired persons.

The amount established as the monthly payment will not exceed one-third of the scheduled monthly salary.

For the amount established as the monthly payment, an interest rate of five percent per year will be paid.

Article 4. - The goods sold on the installment payment plan become the property of the buyer from the moment the sales-purchase contract is signed.

The goods cannot be transferred by the buyer by way of selling, donation, exchange or any other means of transfer prior to fully paying the price for these goods.

In the event that a transfer takes place in violation of the above paragraph, the selling unit will collect the amount due from the buyer with whom the contract was concluded.

In cases where the buyer also has other debts besides those for goods purchased on the installment payment plan, creditors cannot pursue those goods purchased on the installment payment plan prior to the debts being paid for in full.

Article 5. - In cases where the payments cannot be made through deductions from the salary and if the buyer or user of the services does not pay on a schedule of payments, the selling or service unit will be able to take actions for the payment of the scheduled installments.

The agreements with the buyers and users of services will be done on the basis of a sales-purchase contract or, as the case may be, a service contract, which have the power of an executory title.

Execution requests and all other procedural acts related to execution are exempted from stamp taxes.

Article 6. - This decree takes effect 10 days after its publication in the **BULETINUL OFICIAL** of the Socialist Republic of Romania.

On the same date, the normative acts outlined in Annex No 2 are abrogated, as well as any other acts prior to this decree referring to goods that can be sold or services that can be done for the people on an installment payment plan, and to the minimum payments and the maximum number of payments.

Article 7. - Annexes No 1 and No 2 are an integral part of this decree.

[Signed] Nicolae Ceausescu, President of the Socialist Republic of Romania
Bucharest, 18 July 1981, No 205

[Annexes listed on next page]

Annex No 1

List of Goods and Services Sold on the Installment Payment Plan

I. Goods Sold on the Installment Payment Plan

Name of Product	Amount of Salary or Other Monthly Incomes	Minimum Down- Payment (%)	Maximum Number of Payments
1. Furniture Valued Over 5,000 lei*	- Regardless of salary or other monthly incomes	30	14
2. Dacia 1300 car	- Regardless of salary or other monthly incomes** - Up to 4,000 lei monthly***	50 60	20 18
3. Uniforms for young people and commanders taking part in train- ing for national defense activities	- Regardless of salary or other monthly incomes	100 lei on first payment	3

* Sold only to young married couples who are employed and who at the time of marriage were under 30 and during the first 5 years of their marriage.

** Sold only to workers and craftsmen in socialist state and cooperative units.

*** Sold to other categories of workers in socialist state and cooperative units.

Note: Cars purchased under the conditions of this decree must be insured against damage for the entire payment period, according to the conditions in the sales-purchase contract.

II. Services Done on the Installment Payment Plan

Type of Service	Amount of Salary or Other Incomes	Minimum Down (%)	Maximum Number of Payments
Capital repair work on housing units and facilities belonging to these units*	Up to 3,600 lei monthly	50	10

* Only those workers in socialist state and cooperative units, retired persons in the state social security system and retired persons of the Ministry of National Defense and the Ministry of the Interior can use services bought on the installment payment plan.

Annex No 2

List of Normative Acts That Are Abrogated

1. Decree No 296/1959 regarding the sale of goods and services on the installment payment plan, published in **BULETINUL OFICIAL**, Part I, No 21 of 12 August 1959.
2. Council of Minister Decision No 1087/1959 for applying Decree No 296/1959 regarding the sale of goods and services on the installment payment plan, published in **BULETINUL OFICIAL**, Part I, No 34 of 21 September 1959, with later modification.
3. Council of Ministers Decision No 94/1960 regarding the extension of the provisions of Council of Ministers Decision No 1087/1959 for the completion of certain services using the installment payment plan.
4. Council of Ministers Decision No 1307/1962 regarding the sale of goods on the installment payment plan to members of agricultural collective farms, published in **BULETINUL OFICIAL**, Part I, No 40 of 31 December 1962, with later modifications.
5. Council of Ministers Decision No 2628/1967 regarding the sale of works of art and musical instruments, devices, accessories and works on the installment payment plan, published in **BULETINUL OFICIAL**, Part I, No 92 of 26 October 1967, with later modifications.
6. Council of Ministers Decision No 1042/1968 regarding the sale of goods and services on the installment payment plan to retired persons and the abrogation of certain provisions in Council of Ministers Decision No 296/1959, published in **BULETINUL OFICIAL**, Part I, No 67 of 20 May 1968, with later modifications.
7. Council of Ministers Decision No 1379/1971 regarding the sale of radios and televisions on the installment payment plan to members of agricultural production cooperatives and private farms, published in **BULETINUL OFICIAL**, Part I, No 137 of 30 October 1971, with later modifications.
8. Council of Ministers Decisions No 1319/1972 regarding the sale of goods and services on the installment payment plan, published in **BULETINUL OFICIAL**, Part I, No 125 of 13 November 1972, with later modifications.
9. Council of Ministers Decision No 1334/1973 regarding the sale of automobiles on the installment payment plan to certain categories of persons employed on the basis of work contracts, published in **BULETINUL OFICIAL**, Part I, No 157 of 13 October 1973, with later modifications.
10. Council of Ministers Decision No 225/1973 regarding providing transportation for persons involved in silviculture.
11. Council of Ministers Decision No 387/1974 regarding the sale of Dacia 1300 automobiles on the installment payment plan to the populace, published in **BULETINUL OFICIAL**, Part I, No 65 of 20 April 1974.

MEASURES TO IMPROVE ACTIVITY OF FOREIGN TRADE ENTERPRISES

Bucharest BULETINUL OFICIAL in Romanian Part I No 52, 20 Jul 81 pp 1, 2

[Council of State Decree on measures to improve the activities of foreign trade enterprises]

[Text] Decree of the Council of State Regarding Some Measures to Improve the Activities of Certain Foreign Trade Enterprises

The Council of State of the Socialist Republic of Romania decrees:

Article 1. - Beginning on 1 July 1981, the foreign trade enterprises listed in the annex of this decree are subordinate to both the Ministry of Foreign Trade and International Economic Cooperation and the ministries mentioned in this annex.

Article 2. - The Ministry of the Metallurgical Industry and the Ministry of the Chemical Industry, with regards to the activities of their respective foreign trade enterprises, exercise their attributes according to the legal provisions in effect, having the obligation to ensure the permanent growth and diversification of production for export, the production of competitive products having a high technical level, the effective adaptation of production to meet the demands of the foreign markets, the fulfillment of export contracts under conditions of the level of quality and timeliness agreed upon with the foreign partners, the judicious use of imports and the promotion of advantageous trade and certain new, efficient forms of foreign trade and international economic cooperation.

Article 3. - The Ministry of Transportation and Telecommunications has the obligation to take measures to provide the means of rail, vehicle, naval and air transport necessary to achieve exports and imports within the timeframes outlined in concluded contracts, to improve transport and handling processes, to ensure the regular movement of goods and ships in ports and to move goods through ports under efficient conditions, while adhering to the programs established according to law.

Article 4. - The Ministry of Foreign Trade and International Economic Cooperation exercises, with regards to the activities of the foreign trade enterprises listed in the annex, its attributes as an organ which, according to the provisions in effect, is responsible for all foreign trade and international economic cooperation activities.

Article 5. - Points 4, 5, 8 and 12 in Annex No 9 of Council of State Decree No 276/1979, regarding some measures to improve foreign trade activities, are modified according to the provisions of this decree.

[Signed] Nicolae Ceausescu, President of the Socialist Republic of Romania
Bucharest, 15 July 1981, No 194

Annex

Name of Enterprise	Subordination of Enterprise
1. Metalimportexport	Ministry of Foreign Trade and International Economic Cooperation and the Ministry of the Metallurgical Industry
2. Mineralimportexport	Ministry of Foreign Trade and International Economic Cooperation and the Ministry of the Metallurgical Industry
3. Petrolexport	Ministry of Foreign Trade and International Economic Cooperation and the Ministry of the Chemical Industry
4. Navlomar	Ministry of Foreign Trade and International Economic Cooperation and the Ministry of Transportation and Telecommunications

8724
CSO: 2700/331

BANKING RESPONSIBILITIES IN CREDIT SYSTEM STRESSED

Bucharest REVISTA ECONOMICA in Romanian No 28, 10 Jul 81 pp 13-14

[Article by Vasile Rauta, governor of the National Bank of the Socialist Republic of Romania]

[Text] In the development of our economy, the credit system has asserted itself as an active factor in speeding up the process of broadened socialist reproduction, by the jobs it fulfills being an important element in the economic mechanism. So, on one hand, credit mobilizes temporarily available monetary resources in certain branches of the economy, which it redistributes to satisfy the temporary needs of other economic branches. On the other hand, due to the indissoluble link which the credit system has with the entire circuit of material values, credit becomes a particularly important control means over the way that all resources involved are used.

In this way, the credit system contributes to strengthening economic-financial self-management of the socialist enterprises and, by this, to the continued increase in accumulations, which are the basis for socialist reproduction.

The Stimulative Role of Credit in Economic Activity

Stressing the role which credit has in stimulating the economic activity of some enterprises, however, we should not omit the fact that the way that the economic indicators are achieved is reflected in financial indicators and that the financial situation of one enterprise, first, is a condition of the way in which its economic activity takes place and that only good economic activity and fulfillment of physical production, net production and the other economic indicators can end in the registering of favorable financial results, at the same time having a recirculation of monies and a faster speed at which they rotate being insured through credit.

It should be pointed out that development of our national economy at high rates has led to a rise in the volume of banking credits, with this being one of the main resources for financing economic activity. The measures to improve the leadership and planning of the national economy have increased banking credit even more as an active factor in influencing the economic processes. Thus, we see from the analyses made that for the economy as a whole banking credit in 1980 represented around 42 percent of total resources for covering circulating resources. Of course, within each branch the share of credit differs from one ministry to another and even from one enterprise to another.

A special role in improving the credit system has been played by the adoption and promotion of the principles of the new economic-financial mechanism. In this framework, improvement in the economic-financial system has in view broadening the rights and duties of the enterprises and they must work out their own plan within the tasks belonging to them from the single plan for social-economic development, must have their own budget of incomes and expenses and bear all the responsibility for the good flow of economic-social activity, seeking, as Comrade Nicolae Ceausescu pointed out, "administration of the capital entrusted with maximum efficiency so that they obtain as large a volume as possible of production good and profits for each leu spent." In carrying out this requirement, the credit system is a special means, through the contribution it makes to financing the economy but also through the regular control it has permanently over fulfillment of the plan tasks.

In credit activity the banking organs play an important role, with their being required to administer the credit in relations with the enterprises so that they become the most effective and efficient means in aiding in plan fulfillment. So the banking organs, with the aid of credit, must know the negative phenomena in the enterprises and must pull the alarm on all the shortcomings in their activity. On the other hand, the banking organs must be more demanding and take all the necessary steps in order to determine that all the responsible factors in the enterprises and their coordinating organs take firm measures with a view to repairing the situation.

The Credit Contract at the Basis of the Financial and Plan Discipline

By introducing the credit contract concluded between the enterprises and the bank, on the basis of provisions from the budget of incomes and expenses, a better defined framework has been created for the commitments which the unit in the case makes regarding respect for the volume of credits approved as well as for providing their repayment on the due date. It should be mentioned that they are approved in the cases in which conditions are not insured for repayment of the credits on the due date only if the credit contracts are signed by the centrals or ministries to which the particular units are subordinate and if programs of measures are drawn up which guarantee repayment of the credits given.

Writing of the budgets of incomes and expenses also must be a special point for analysis both for the enterprises as well as the banking organs, with the purpose of bringing into circulation the existing hidden internal reserves, of providing financing only for the values and production actually necessary to the economy within the limits established by the plan and, depending on these elements, it should determine the volume of monetary resources correctly which must be completed through bank credit.

The idea introduced by the new mechanism for determining the size of the necessary total of circulating resources for an enterprise and its introduction into the budget of incomes and expenses is a valuable theoretical and practical guideline, whose goal is to establish the optimum limits for establishing these resources under conditions of a normal circuit in the process of supply-production-sale, bringing to the attention of the enterprise leaders the problem of insuring the solvency and permanent liquidity of each economic unit.

It should be pointed out that during the year, through the process of working out the quarterly credit plans, an additional checking of certain economic processes and proportions takes place when the requests for credit planning are drawn up and presented and these proportions are brought into agreement with the financial possibilities or other phenomena existing in the economy which appeared during the particular period,

with each situation being subject to detailed analyses through the prism of economic efficiency and timeliness. Also, the banking units do not permit credit provisions for production expenses which exceed the planned level. In this context, the planning of credits has taken on particular importance, holding a central place in the activity of the banking organs and in relations with the enterprises. It should be mentioned that, following approval, both the volume of credits as well as obligations assumed by the enterprises at the time of the analyses are basic elements of the credit contract which, following approval of the credit plans, are finalized in each quarter, being a supplementary element in providing for respect for financial and plan discipline. Respect for the planned volume is one of the basic principles of socialist credit and, at the same time, a basic requirement of our economy, whose planned development also includes credit relations and, as such, gives them one of the general characteristics of the organization and development of the socialist economy.

Another important feature of credit under conditions of the new economic-financial mechanism, whose application is favorable to economic development, is the precise destination of the credit established by the plan, a principle which insures both the separation of the activity of the production resources from that of investments, as well as, within them, by separate subjects of credit in accordance with the needs of certain economic processes, such as credits for activity to circulate the goods, on the basis of special approvals, activity for processing of the raw agricultural materials, capital repairs and so forth.

Through operation of checks on the guaranteeing of credits, as conceived in the current mechanism, the enterprises are placed in the situation of knowing the expenses which exceed the planned level of costs, misappropriation of funds and so forth, along with tie-ups of material values in stocks, those which are frozen or unusable and tie-ups of any kind resulting from debtors, as well as other defects in the activity of the economic units. In this context, we should emphasize the attention which the banking organs must give to the way the production expenses are achieved, given the fact that only a reduction in planned costs can bring achievement of profitability and profits for an enterprise and, through the fund for participation in profits, can fully provide an incentive for the work collectives in fulfilling and overfulfilling the plan tasks. Following this checking, an increased interest is collected for the credits set up as being without guarantee, remaining in this position until elimination of the causes for them, with the operation being accompanied by a series of measures which must lead to mobilization of the work collectives in the enterprises to eliminate the deviations with negative aspects for the way that the material and monetary resources are utilized.

Repayment of the credits on schedule, another basic principle of credit, also holds an important spot in the regulations adopted in the new credit mechanism. We should emphasize that the degree to which the economic indicators are achieved is reflected in the way that the credits are carried out and repaid as well as in the way that the entire financial situation is achieved, so that both the credit as well as the other financial indicators have the role of pulling the alarm on the evolution of negative phenomena in the activity of the economic units and cause efficient measures to be taken to eliminate the shortcomings and repair the economic situation of the particular enterprise. For the bank, as the credit and control organ, failure to have repayment of the credits on schedule must be an indicator which guides the attention of the banking units to those enterprises where these phenomena occur chronically and where the irregularities are not justified for temporary reasons, requiring

interventions and firm measures to eliminate the situations which cause tie-ups of capital in certain phases of the economic circuit. Intact maintenance of the payment capacity, on the other hand, must be a primary concern both for the economic and financial organs in the enterprises and their coordinating organs as well as for the banking organs, taking into account that the loss of payment capacity produces difficulties not only at the level of the enterprise involved but also involves a true chain negative reaction with regard to the economic-financial situation of the units with which they have payment relations.

But insuring an appropriate circuit of rotation of material values is also a requirement for maintaining the monetary balance and for insuring monetary stability.

The Prevention and Elimination of Tie-Ups of Capital

Whereas great responsibility in management of material and monetary resources belongs to the organs of the enterprises, the responsibility of the banking and financial organs should not be minimized, either. The banks must be more firm when they find cases of weak administration, of negligence and waste in economic administration, and they should request and apply penalties to the guilty parties and apply penalty interest. We feel that a portion of this interest should directly affect the profits distributed to the enterprise cadres. It should be pointed out that the regulations adopted by the Law on Finances in applying the principles of the new economic-financial mechanism place at the disposal of the banking organs a particularly varied range of measures for correcting the financial situation as, for example, giving credits for recovery of the payment capacity (with increased interest), requesting the application of administrative penalties where this is the case or even the refusal to give credits any longer. For situations where certain economic units remain incapable of payment for a certain period without resolving the causes which led to the failure to have repayment on schedule for the credits obtained or failure to pay the payment obligations, although they benefitted from credits for their temporary needs and for recovering their payment capacity, prior control of the payments is instituted for the particular enterprise, with the banks refusing to make those payments which violate the standards for correct management of material and monetary resources. This measure, at the same time, is accompanied by an analysis of the unit's economic-financial situation, seeking to involve the immediately higher organ in determining the measures intended to lead to correction of the situation.

A more severe measure lies in establishing a special system for economic-financial supervision by a council formed of representatives of the ministry and other general organs with approval of the Council of Ministers and it is applied to those enterprises which do not correct their economic-financial situation. It also should be stressed that the application of the penalties provided by the Law on Economic Contracts in situations where the economic units do not respect their contractual obligations is an effective means for mobilizing them in correcting the shortcomings and fulfilling the economic and financial indicators.

It should be pointed out that another basic function through which banking credit contributes effectively to the economic development is that of control. Banking control through credits, although making a part of what is known as financial control, still has its own specific nature, both as area of action as well as method of achievement.

Being closely linked with the way in which the amounts of monies are placed at the enterprises' disposal through credit in order to carry out economic activity, bank

control has the opportunity to reject unjustified requests from the enterprises and, by not giving them the money, of having them avoid an unjustified expense. In the new economic-financial mechanism the job of credit control appears to be strengthened, being carried out at all points of intervention of credit and showing its efficiency through adoption of the most demanding measures intended to lead to increasing concern with saving and judicious use of material resources, continual reduction in production expenses, combatting of tendencies to tie up capital and speeding up of their rotation.

Preventive banking control has taken on a more emphatic development in this control, and it has been strengthened as a result of the introduction of new means of planning and seeking of financial implementation, the budget of incomes and expenses and the credit contract, which must stress the responsibility of the enterprises in utilizing the credits. Under the new conditions, banking control is concentrated more on the units which, although they have enjoyed banking assistance through being given credits to correct their financial situation, remain unable to make payments for a longer period, with the banking organs having to take firm action and introducing previous control over payments and refusing to make payments which violate the standards for management of material and monetary resources.

What has been presented above has brought out the fact that the credit system is an important financial means for fulfilling the economic tasks resulting from the single national plans for social-economic development and continued development of the national economy. However, at the same time, another aspect should be pointed out and that is that any credit means an increase in the expenses which the enterprises incur, through collection of the attached interest so that as the volume of these credits increase the particular expenses also increase. Any credit, even under our conditions where we have small interests, still brings an unjustified rise in production costs. For that reason, the units must take firm action to apply the principles of self-leadership, self-financing and self-management in order to create their own resources and reduce credits for financing their activity to a minimum and even to give them up.

Following and continually analyzing processes in the economy and the activity of each enterprise separately and the measures taken to mobilize all existing resources in the particular enterprises as well as to prevent or eliminate tie-ups of circulating resources must become a permanent action of our banking system, one which contributes as substantially as possible to the development of the national economy at the rates forecast. Currently the banking organs are concerned with the problem of working out a credit system from a new perspective, for the purpose of the qualitative increase in banking control, of finding new forms and methods which allow control, through credits, to become a more active factor in aiding the development of the national economy.

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PROVISIONS OF 1981-1985 AGRICULTURAL PLAN EXAMINED

Bucharest REVISTA ECONOMICA in Romanian No 28, 10 July 81 No 29, 17 July 81

[Article by Ovidiu Popescu, of the Ministry of Agriculture and the Food Industry]

[No 28, 10 July 81, pp 1-2, 12 Part I⁷

[Text] The Grand National Assembly recently voted the Law on Adoption of the Plan for the Development of Agriculture and the Food Industry. During the 1981-1985 Period, a plan which is a distinct one but is inextricably integrated into the uniform national plan for Romania's socioeconomic development, marking in agriculture also the firm transition from the substantive quantitative accumulations achieved during the prior periods to a new quality, to the realization of a genuine agricultural revolution in terms of production, labor productivity, technological standard, economic efficiency, and the overall activity in our villages.

This plan is based on the provisions in the Program of the Romanian Communist Party, the goals and tasks set by the 12th Party Congress, the provisions of the special programs endorsed by the Second Farmers' Congress. The entire activity of formulating and substantiating the five-year plan developed under the guidance and with the direct support of Nicolae Ceausescu, who gave extremely valuable directives on the major levels, rates and directions of agricultural growth in this stage and on the distinctive concretization of the technical-material and financial assets provided to agriculture, for the purpose of best conforming with the tasks of this key branch, of optimally meeting the consumption needs of the population, the needs of industry and other economic needs.

Greater Output, Better Structure

The special emphasis placed on expanding the technical-material base and promoting in production the latest scientific and technical advances will give strong impetus to agricultural production and all the subbranches will grow harmoniously and evenly. Total agricultural output will go up during the five-year period at an average annual rate of 4.5-5%, and net output, 6.8%. The greater rise in net output must be obtained as a result of raising efficiency and obtaining the physical output in the context of higher labor productivity and minimal materials expenditures.

The rates attained by our agriculture and those envisioned in the future are higher than their world counterparts [1] and this creates an important premise for

the level of Romanian agriculture gradually approximating the level of agriculture in economically advanced countries, fully justifying the role of key branch of the economy, and significantly helping to achieve the strategical objective of moving beyond the status of developing country and joining the medium-developed countries.

Because the growth rate of agricultural production will be higher than that of the population, the bases will be created for a higher level of per capita food consumption and an exportable surplus will be ensured. For instance, in 1985, per capita consumption will be 68 kg for meat and meat products, 222 l for milk and milk products (excluding butter), 290 eggs, 32.5 kg for sugar and sugar products, 160-170 kg for vegetables and vegetable products, and so forth. This will result in meeting the physiological needs and ensuring a proper and harmonious development of the population. [2] There will be a marked increase in the consumption of food products with a higher nutritional level and a greater amount of mineral salts and there will be a decrease in the consumption of grain and potato products. Moreover, there will be changes in the food consumption pattern, in the way of achieving a better balance between vegetable products and animal products, in consequence of the greater rise in animal proteins. The dynamism of agricultural production will insure both the increase in per capita consumption and in exports of farm foodstuffs, which will go up at an average annual rate of 9%.

The rise in agricultural output, concurrently with the reduction in the work force, made possible as a result of the large investments in fixed assets and upgrading of technology under the five-year plan of the agricultural revolution, will also involve a marked increase in the rate of labor productivity, which in agriculture will be superior to that in industry, and this will accelerate the elimination of the lag between these two branches. While production in the 1981-1985 period will increase 24.4-27.4%, the work force in agriculture will decrease 17%, with agriculture continuing to further be one of the branches in which boosting of output will proceed in the context of continuous reduction of the work force.

The agricultural revolution aims at accelerating the progress of all agriculture and the harmonious growth of all counties, with conditions being created for the reduction of zonal discrepancies and for better territorial balancing. Boosting farm output more rapidly in hilly areas requires -- besides better zoning -- also intensified programs for combating soil erosion and improving podzol soil, overall mechanization of projects on slopes, expansion of areas under vine and fruit trees, expansion of animal husbandry and industrial-type activities, and ampler cooperative undertakings.

The formulation and implementation of a uniform and long-term strategy for ensuring the harmonious growth of all the zones will create conditions for the upgrading of the farmers' standard of living, the reduction of the essential differences between town and country, between agricultural activities and industrial activities.

The establishment of a sensible proportion between plant output and animal output, between the various subbranches and sectors is of special importance for economic growth in agriculture. Greater modernization in agriculture and more emphasis on its qualitative facets will generate significant changes in the structure of production. In this context, more rapid rates have been set for the branches which further technological progress, make better use of the natural potentialities -- material and human --in agriculture and play a greater role in meeting the economic needs.

The evident trend of increase in the volume of animal output is based on the growing demand for animal products, in their significance to improving people's nutrition, on the need for best use of our resources, including the matter of vast natural grasslands. The proportion of animal output in the overall farm output will reach 47% in 1985 and 50% in 1990, a level that has been assessed as optimal. Concurrently with more amply expanding animal husbandry in the socialist sector which will be the chief factor in terms of total livestock, more emphasis is placed on raising and fattening of animals on private farms, and to this end greater assistance will be given in providing the feed, the breeding stock and veterinary care. Cooperation will be broadened among socialist agricultural units and private farmers to increase their involvement in obtaining the animal output, using the available work force and some local feed resources. Piggeries and incubators will be established in the consumer cooperative network to insure the number of piglets needed for greater amounts of meat in this sector.

As a result of the consistent progress of agriculture along the road of intensive farming and multilateral development, changes will take place in the pattern of areas under crops, with the aim of sizing the branches and crops so that they may increasingly meet the needs for agricultural products and insure the priority development of some branches, the sensible correlation of branches that interact. In specifying the pattern of crops attention was paid to the matters that arise from the constant upgrading of the people's nutrition, the need for expanding some important sectors of the food industry, for creating an exportable surplus of the products that are in demand on the foreign market and for reassessing energy-intensive products.

As conditions will be created for some crops in the way of making some lands available as a result of marked rise in output, additional lands will be assigned to those crops which formerly were minor factors but which now have acquired great economic importance. For instance, greatly expanding will be the industrial crops (specifically sunflower, soybeans, sugar beet, flax for fiber), food legumes, potato, vegetables, fruits, grapes (in line with the measures taken to improve supplies to the population in terms of fresh and canned vegetables and fruit, edible oil, sugar and so forth) and livestock products. The year 1985 will see irrigated cultivation of an area of about 2.9 million ha -- almost one-third of the arable area*) -- in whose structure the emphasis will be on corn and soybean, and industrial crops: the area under vegetables will be farmed in full.

The changes which will occur in the crop pattern, materialized in the expansion of the areas under basic farm crops and crops that are very important to the economy, and in the introduction of new, more intensive crops, simultaneously with reduced farming for other crops, tellingly illustrate the process of intensive farming.

Precedence to Greater Per Hectare Yield

Under this five-year plan of the new agriculture... evolution the farming sector must make better use of its great resources to obtain a significant increase in output at the level obtained by the foremost units. The program for the development and

* In 1978, the proportion of the irrigated area in the arable area + vineyards and orchards was 4.5% in France, 3.9% in West Germany, 24% in Greece, 23.2% in Italy, 24.5% in Portugal, 14.3% in Spain. (Calculated according to FAO Yearbook, Vol 33, Rome, 1980.

modernization of the technical-material base under the new five-year plan will result in more intensive production, an upward trend of total output, which will be far greater than those obtained so far (Table 1).

Table 1. Increase in Plant Output

	Tabelul nr. 1		
	Crescerea producției vegetale la) (mii tone)		
	1980	1985	1980 (%)
1. Cereale petru boabe	20.200	28.500	141,1
2. Soia	448	988	215,1
3. Fasole	88,5	330	372,9
4. Floarea soarelui și rapita	817	1.280	154,2
5. Sfeclă de zahăr	3.562	12.600	228,5
6. În pentru fibra	135	420	311,1
7. Cartofi de toamnă	3.678	6.700	182,3
8. Legume de câmp	3.412	8.000	175,8
9. Fructe	1.418	3.000	211,6
10. Struguri	1.313	2.430	185,1

Key:

1a. (Thousand tons)	
1. Grain (kernel)	5. Sugar beet
2. Soybean	6. Flax for fiber
3. Beans	7. Winter potato
4. Sunflower and brassica	8. Field vegetables
	9. Fruit
	10. Grapes

A basic feature of Romanian agriculture will involve continuous, harmonious growth of all branches, with the production increases chiefly obtained on the basis of per hectare yields. In the context of a limited increase -- only 2% -- in the arable area, the sole approach to obtaining overall outputs that ensure attaining all the purposes set under the plan involves marked rise in per hectare yields, as a result of fuller use of land resources, of all equipment facilities, following the technologies established, rigidly implementing the standards on ensuring crop density, performing all operations during the optimal periods and at the proper qualitative level, continuously upgrading the upkeep and harvesting techniques.

As a direct consequence of full utilization of the pedoclimatic conditions and of material and human resources in agriculture, it is expected that the following per hectare yields will be obtained by the end of this five-year plan: 3620 kg for wheat and rye, 4840 kg for corn (kernel), 4500 kg for barley, 2375 kg for sunflower, 2510 kg for soybean, 36,000 kg for sugar beet, 23,500 kg for winter potato, 18,670 kg for field vegetables. [3] These outputs are fully feasible if we take into consideration the fact that last year almost 300 units obtained more than 4000 kg/ha for wheat, and 36 -- more than 5000 kg; 119 units obtained more than 6000 kg/ha for corn, and 21 -- more than 8000 kg; 230 units obtained more than 30,000 kg/ha for sugar beet, and 43 -- more than 40,000 kg.

Grain is further the primary objective of our agriculture. The output level for grain is the key factor for the expansion of animal husbandry, the upgrading of the people's standard of living. Grain will account for almost two-thirds of the area under crops and the greatest volume in the makeup of farm output. The total grain output will reach 28.5 million tons, including 7.6 million tons for wheat and 16.6 million tons for corn. This means fulfilling the task of ensuring 1 ton of grain per capita, placing Romania among the first countries for per capita production [4], in the context of ensuring greater amounts for the other products as well. The area under wheat will be slightly reduced, corresponding to the sensible trend of cutting down bread consumption and the necessary amount for the population will be insured in the context of the significantly increased yields per hectare. Concurrently with raising the output of corn in individual fields, corn growing in successive crops will involve a 300,000 ha expansion, for the purpose of supplementing and equilibrate the balance of concentrated fodder. The protein needed for animal raising will be ensured on the basis of further expanding the areas destined for barley growing, to 950,000 ha, versus only 809,000 ha last year.

The leguminous crops (for seeds) must be important factors in the sensible nutrition of the population, because of their high level of plant protein. Consequently, the crops of beans in individual fields in 1985 will cover 150,000 ha, versus 95,000 ha in 1980. In light of the area under successive and intercalated crops, the total output will reach 330,000 tons, versus only 88,500 tons now. This requires growing food legumes in the most favorable zones, in light of the needs of each species, most preferably in irrigated areas, concentrating the areas under the smallest possible number of units, generally located in compact bodies of minimum 100 ha.

[No 29, 17 July 81, pp 11-12, 19 Part II]

[Text] Raw Materials for Industry

Industrial crops will further be a major concern. Greatly increased outputs will be obtained for sugar beet, sunflower, soybean, flax and hemp for fibers, to meet the raw material needs of the food and light industries. Sugar beet and sunflower crops will be expanded in the farms of cooperativized farmers and private farmers and the resulting output will be processed in the food industry, with the producers receiving sugar and oil in exchange. The attention paid to these crops also is reflected in the evolution of their input into the crop pattern: from 10.5% of the arable area in 1970 to 14.4% in 1980 and to 15.8% in 1985.

Noticeable rises are envisioned for sunflower, whose total output will reach 1.26 million tons, that is almost 55 kg per capita and this will place Romania among the top producing countries in the world. The increase in the sunflower output reflects the world trend of reducing the animal fat consumption and of raising the consumption of vegetable fats, which have higher nutritional qualities.

The soybean crop, as an important source of protein meal for livestock production and the production of edible oil, will in 1985 reach an output of 966,000 tons, more than double the level for last year. The obtaining of output increases requires the location of crops in favorable zones, in irrigated systems and concentration in specialized units provided with adequate equipment and ensuring crop rotation on a minimal 3-4 year basis.

Sugar beet crops will rapidly expand. Production will reach 12.6 million tons, that is 540 kg per capita [5], and this will permit to increase per capita sugar output. The yield for sugar beet will reach 36 tons per hectare, because this crop will profit from the result of the projects for improving the seed (seeds will be provided from the high-yield monogerm varieties), for upgrading techniques and for expanding the crops on irrigated lands (from the area of 350,000 ha, crops will be grown on 120,000 hectares of irrigated land). Moreover, sugar beet crops will be concentrated in the most favorable pedoclimatic zones and in specialized agricultural units, located around sugar factories, up to a distance of maximum 35 km.

The continuous rise in the use of textiles, as a result of the better standard of living, has resulted in greater needs for raw materials. Consequently, the rises envisioned for textile crops involve rates which exceed the average rate for the group of industrial crops: for instance, output of fiber flax will stand at 420,000 t and of fiber hemp, at 227,000 t. Furthermore, started will be the processing of the stems of oil flax and expansion of the crops of flax with double purposes (fiber and seeds) from 7300 ha in 1980 to 20,000 ha in 1985. The more intensive growth of the industrial crop output will help to better utilize the lands, to ensure the raw materials for industry and raise efficiency. This will result in a growing integration of agriculture with some industrial branches, a fact which steps up the modernization of this sector.

Vegetable Outputs Corresponding to Healthy Nutrition

Vegetable growing is increasingly asserting itself as a branch with a special input in Romanian agriculture, as sensible nutrition requires a high vegetable consumption all the year round. The field vegetable output will reach 6 million t in 1985, as a result of farming 300,000 ha in individual field and 100,000 ha, successive double crops, by intensively using the vegetable area and the other lands after the harvesting of grain and fodder crops in June and by more significantly raising efficiency and sensibly utilizing the technical-material base.

Obtaining the outputs scheduled requires locating all the areas under vegetable crops on irrigable lands and lands with a high productive potential, developing major vegetable areas that are streamlined and specialized in cultivation of vegetables that permit uniform application of modern techniques, greater mechanization and chemicalization, and so forth. Territorially, vegetable production will develop so that all the counties with favorable conditions may ensure local consumption and the major vegetable growing areas in the southern and western parts of Romania may obtain additional outputs which, besides meeting local needs, may provide a surplus designed for other areas of this country that have less favorable conditions and also exportable amounts. Under this five-year plan, the goal is to complete the program for concentration and specialization in this sector; achievements will include diversification of the range of vegetables and better phasing and utilization of production according to the various purposes. The specialized farms -- running on commercial bases -- must be organized so that 70-80% of the output may be delivered to the state fund.

For the purpose of ensuring greater quantities of early vegetables provisions were made to expand the nursery areas so that in 1985 we may have 3000 ha; the increase in the hothouse areas will be limited to 1080 ha. In light of the energy-intensive character of production, the emphasis will be placed on using the prospects for ensuring the necessary heat based on utilization of thermal springs and residual heat.

For the proper use of these areas, measures will be taken to expand related and tiered crops, apply the techniques that minimize electric and thermal energy consumption, use new strains and hybrids with a high productive potential and with low heat requirements. It is planned to structure the utilization of hothouses in two cycles, with an annual output of 150 t/ha.

The output of winter potatoes in 1985 will reach 6.7 million t, as a result of the production of stock from valuable strains, the zoning of production on the basis of specialized areas, the introduction of advanced techniques and special measures for conservation and processing of the crop. Conditions will be created for all counties to fully meet their potato consumption needs from their own outputs and the location of crops will be upgraded so that in 1985, from the total of the area under this crop, 27,000 ha will be irrigable.

The fruitgrowing industry will further expand. Production will reach 3 million t of fruit and this will meet the needs in terms of public consumption and will provide an exportable surplus. There will be a rise in the production potential of orchards in bearing, as a result of modernization and consolidation projects (so far involving 57,000 ha and scheduled to be completed under this five-year plan on 50,000 ha). New orchards with fruit trees and shrubs based on intensive and superintensive growing will be set up in the established fruitgrowing centers, over an area of 70,000 ha, corresponding to the ecological zones that are propitious for the various species and varieties, with the focus on concentration and streamlining of production for the purpose of properly utilizing the technical-material base and ensuring large batches of quality fruit. For the purpose of upgrading the species pattern special attention will be paid to establishing orchards with species that are in short supply (apricot, sweet cherry, sour cherry, walnut, and fruit shrubs).

Grape-growing, a branch with old tradition in this country will further play an important role in the multilateral development of agriculture; its output by the end of the five-year plan will stand at 2.43 million t, and this will ensure a per capita consumption of 87 kg grapes equivalently, including 33 kg fresh and industrialized. This increase in the grape output must be chiefly ensured by boosting average output, based on modernization of existing vineyards, better use of the growing techniques recommended, redevelopment of scattered vineyards (specifically of those located in the plain -- by establishment of new vineyards near by villages and rooting out of those in existence only gradually as the new vineyards start bearing), improvement of the quality of the nursery stock and upgrading of this stock's biological value, establishment of modern vineyards, characterized by streamlining and a structure in tune with consumption needs. This period will see the modernization and consolidation of an area of 46,600 ha; new vineyards will be set up on an area of almost 60,000 ha; the technical standard of vineyard utilization will improve as a result of differentiation of growing techniques according to the various zones, production lines and strains and of upgrading of the technical level in completing the procedures. The phased production of table grapes based on varietal conveyor and creation of conditions for conservation of 30,000 t, by the end of 1985, will make it possible to extend consumption over a longer period throughout the year.

Animal Raising — Central Branch

Modernizing animal raising — a central guideline in the overall strategy of more intensive farming — is another program targeted for ensuring a modern, intensive and highly productive agriculture, which makes use of the latest scientific advances. In light of the great importance of livestock production, sustained efforts are made, as part of comprehensive programs, to significantly increase the cattle herds (concurrently with improving the species and breeds), which will involve the evolution indicated in Table 2.

Table 2. Growth of Cattle Herds

1a	Tabelul nr. 2			
	Evoluția efectivelor de animale			
	1960	1965	1966	%
1) Bovine	6 485	7 300	112,6	
din care :				
2) Yaci și juninci	3 198	3 700	116,0	
3) Porcine	11 542	15 000	130,0	
4) Ovine				
și caprine	16 212	21 500	132,6	
5) Păsări ouătoare	52 696	63 300	120,6	

Key:

1a. (Thousand head)

1. Cattle

 including:

2. Cows and heifers

3. Hogs

4. Sheep and goats

5. Egg-laying fowl

For the purpose of achieving the cattle herds scheduled great attention must be paid to upgrading the reproduction and improvement programs by adequate raising of replacement junior cattle, controlled production of the breeding stock and use on an overall scale of artificial insemination. Under this five-year plan, special emphasis will be placed on increasing the birth rate, reducing the mortality rate, and keeping all the female junior cattle for reproduction purposes. Consequently, the natality indices will stand at 85% for cattle (with the focus on controlling the reproduction process in such a way as to have 70-80% of breedings by May) and 99% for sheep (aiming at three breedings in 2 years).

Measures were established for the development of breeding points on all cow farms, raising and fattening in special farms of heifers, whose selection will be made after the first breeding. Upgrading sanitary-veterinary care, for the purpose of significantly reducing the loss in animals and fowls, is a basic requirement for fulfilling the plan in the animal raising sector.

In order to encourage all the people who own farmland in villages and towns to raise and fatten a large number of animals on private farms, the socialist units will structure the production of newborn piglets and chicks, that will be sold to animal raisers.

The economic efficiency of animal breeding will chiefly increase on the basis of the rise in the output per each animal. This output will attain in state agricultural units an average annual level of 3500 liters of cow's milk, 4.77 kg wool and 240 eggs, and in agricultural production cooperatives, respectively, 2400, 3.5 kg, and 235. The average delivery weight, to the state fund, for cattle will be 470 kg in the state sector and 435 kg in the cooperativized sector.

The total livestock output, taking into consideration the cattle destined for slaughter and the average productions planned, will appreciably increase under this five-year plan (Table 3).

Table 3.

Tabelul nr. 3			
Evoluția producției principalelor produse zootehnice			
	1980	1985	1985 1980 (%)
1) Carne în viu (mii t)	2 437	4 000	164.1
2) Lapte de vacă (mii hl)	51 252	86 700	169.2
3) Ouă (mil. buc.)	6 727	8 620	128.1
4) Lină (t)	39 554	64 200	162.3

Key:

1. Live meat (thousand t)
2. Cow's milk (thousand hl)
3. Eggs (million)
4. Wool (t)

The basic factor in territorial animal husbandry involves meeting the consumption needs with livestock products from the local output of each county. Measures will be taken in terms of relating the cattle herds to the production spaces, modernizing the livestock farms and building modern sheds.

Cattle, that account for the greatest proportion in all the livestock production, will significantly increase in herds and this will be coupled with a rise in the average production. The aim is to most efficiently use the natural conditions in the units throughout the territory. The new units will be principally located in the hilly areas, for the purpose of better using their fodder resources. The program will be continued in terms of concentrating and streamlining animal raising in industrial-type units for milk and meat, with sizes to accommodate 500-700 milch cows and 3500-7000 animals in the fattening units, and also specialized units for raising calves, housing 1000-1500. The new units will be structured on the basis of industrial production flow, and modernization will chiefly involve the system of operation in free stabling, with centralized milking. The existing farms will be modernized by mechanizing milking, watering, dejecta disposal, and feed preparation. Breeding and raising points and centers for raising calves and fodder kitchens will be developed on all cow farms. The rise in the production of cattle meat will be obtained by using on an overall scale the intensive farming techniques, with early takeover of calves and their fattening up to the average slaughtering weight set.

The cattle fattening centers will ensure the fattening of calves in the region involved, by cooperating with the agricultural units and giving them assistance and support in the fattening projects. The complex will become the sole organization in the area that contracts for the junior cattle and delivers animals to the slaughterhouse. In this context, cooperative relations will be expanded with the private farms, which will receive technical assistance and support in terms of wiser utilization of the space, manpower and feed resources.

The hog raising sector will also expand rapidly. We have favorable conditions in this area, specifically in light of the fact that the grain output provides the context for adequate feed.

Hog raising will develop chiefly on the basis of industrial complexes, which by the end of 1985 will have most of the animal herds and apply feeding with combined feed to meet biological requirements. All the meat production will be obtained in these complexes, which will develop associative and cooperative relations with the husbandry units and private farms. The complexes will provide young pigs, combined fodder, technical assistance, services to modernize sheds, and based on contracts, will receive the pigs made up for slaughtering. Under this system, in addition to the fact that all the pork output will be obtained under the direct management of the complexes in the socialist sector (which will become the sole units responsible for delivery to slaughterhouses), centers will be created for improving the reproduction process, by more intensive use of sows and young sows and a high genetic potential will be insured, by controlled selection deliveries.

As for sheep, provisions involve increasing the herds of fine and semifine wool sheep and raising the wool output per animal. Special attention will be paid to raising sheep in the pedoclimatic areas with conditions for ensured feed -- grassland and natural meadows, where local breed improvement will be stepped up. For the purpose of boosting the wool output and reducing imports, 1-1.5 million young rams will be retained; they will be shorn and delivered for export the following year. The entire available sheep herds in the socialist sector and private farms will be fattened in units with industrial-type flow and with mechanization facilities for maintenance, where the foddering resources characteristic of each zone will be utilized.

Under this five-year plan, fowl breeding will develop rapidly, with the emphasis on the socialist sector. Additional industrial-type facilities will be built and some existing units will be modernized. Comprehensive cooperative programs will be organized, under which the socialist fowl breeding enterprises will supply the private farms with young chicks and feed and will provide technical aid and promote industrialization of production in modern slaughterhouses. The completion of new units with industrial flow and sized optimally plus expanded cooperative projects as mentioned above will enable the obtaining of higher and less expensive outputs with positive impacts on the quality of production and delivery pace.

The needs of industry and of the domestic and foreign markets necessitate paying more attention to the expansion of sericulture, raising of animals with precious furs and apiculture. The output of silkworm cocoons in 1985 will reach 2500 tons, at the level of the processing capacity. Conditions will be created for the honey output to reach 21,000 tons, in 1985, with this activity rapidly developing in socialist agricultural units and private farms.

Ensuring of Fodder Base

Assertion of a new quality in animal husbandry requires resolving the problem of ensured fodder, which at this time is the basic problem of this branch. The program for ensuring the fodder base provides for expanding the species, hybrids and strains of fodder crops with a high production potential, such as: alfalfa, beet, turnips and brassica for feeding stock, the blends of leguminous crops and perennial gramineae, the wide-scale use of the system that involves two fodder crops annually, preferably on irrigable lands. Concurrently with expanding the areas under fodder crops, special measures will be taken to raise per hectare output -- which will reach 45 tons of green fodder (perennial crops), 70 tons for fodder root crops, 3.8 tons for fodder hay, 20 tons for green fodder from natural grazing lands and at least 12 tons for successive crops. Full use will be made (and the preparation involved will be expanded) of secondary feed resources from grain and industrial crops -- specifically corn stems and cobs, which will be ensilaged in mixtures with succulent feed or molasses and urea. The use will be expanded of techniques such as ammonization, hydrobarothermal treatment, yeasting and fermenting of chopped straws and corncobs. The better utilization of the 4 million hectares of natural grassland will provide a major fodder source. For the purpose of doing away with non-cost-effective transportation, there will be an upgrading and improvement in the activity of grinding and blending centers, located within the major animal raising units.

The fulfillment of the five-year plan provisions in agriculture and the food industry is of outstanding importance not only economically but also socially, because it is directly tied to the program for upgrading the standard of living and improving the quality of life of all the people. This requires that all workers in this key branch, the branches that provide it with the technical-material resources, be strongly mobilized and display a great sense of responsibility. The production levels set for this five-year plan and their dynamics must be regarded as minimal; any exceeding will positively reflect the impacts on the solidification and growth of the profitability of agricultural units, on the rise in the incomes of working people in agriculture, on better meeting of consumption needs and on the growth of the national income.

FOOTNOTES

1. The annual average growth rate from 1961-1965 until 1976-1978 for per capita food production was 1.4% in developed countries and 0.6% in developing countries. According to forecasting estimates by FAO, during the 1980-2000 period farm output will go up at an average annual rate of 2.7% in developing countries, a rate superior to that of the population which will be 2.3% (FAO -- Agriculture: Horizon 2000, Rome, 1979, pp 23-25).
2. Per capita annual average consumption in 1979 was: for meat and meat products, 60 kg in Finland, 68 kg in Greece, 72 kg in Sweden; for eggs, 280 in Austria, Belgium and France, 240 in Denmark and Italy and 320 in the U.S.; for vegetables and vegetable products, 79 kg in Austria, 102 kg in Belgium, 59 kg in Denmark, 114 kg in France, 150 kg in Italy and 96 kg in the U.S.

3. In 1979, in various countries, the following average per hectare productions were obtained: for wheat -- 3146 kg in Austria, 3896 kg in Bulgaria, 4773 kg in France, 2688 kg in Italy; for corn -- 4521 kg in Bulgaria, 5139 kg in France, 6687 kg in Italy; for beet -- 25,882 kg in Bulgaria, 48,300 kg in France, 41,778 kg in Italy; for potato -- 10,811 kg in Bulgaria, 26,638 kg in France, 13,381 in Italy. (FAO Yearbook, Vol 33, Rome, 1980, pp 96-97, 103, 113 and 169).
4. In 1979, per capita output for grain was 925 kg in Bulgaria, 818 kg in France, 370 kg in West Germany, 312 kg in Italy and 708 kg in Yugoslavia. (Ibidem, p 94).

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CSO: 2700/323

EFFECTS OF NEW PRODUCTION, DELIVERY PRICES ANALYZED

Bucharest REVISTA ECONOMICA in Romanian No 28, 10 Jul 81 pp 11-12

[Article by Gh. Nicolescu]

[Text] One of the basic ideas included in Comrade Nicolae Ceaușescu's broad speech at the 2d workers council congress is the firm application of the principles of the new economic-financial mechanism, increase in the responsibility of the workers councils and working class in improving the planning and leadership of all areas of activity by strengthening self-leadership and self-management, raising the role of the popular masses in adopting decisions and in implementing them, and, at the same time, increasing control over all activity of the state organs.

Organization of activity so that it insures complete fulfillment of all the plan forecasts--physical and net production, labor productivity, level of costs, profits--must be the regular concern of the workers councils and all personnel.

Use of Technical and Human Potential With Maximum Productivity

As we know, the five-year plan forecasts provide for fulfillment of the strategic goal of moving Romania from the stage of a developing country to the stage of a medium developed country. In accordance with this strategic goal, the five-year plan reflects the emphasis on the quality factors of production, increase in efficiency in all branches of activity. This demands raising the quality of production, use of technical and human potential with maximum productivity, reduction in the consumption of raw materials and materials, saving of fuel and energy, firm application of the new economic-financial mechanism, whose essence lies in "carrying out production at the highest quality level, with the lowest material and labor costs and the maximum profitability and profits."

If we refer only to production costs in the national industry, in this five-year plan it is to be around 170 billion lei lower compared with the around 100 billion achieved in the 1976-1980 five-year plan, which requires an effort of collective thinking for structural modernization of our economy, for improving manufacturing techniques, for reducing the consumption of raw materials, materials, fuels and energy per unit of products, for raising labor productivity, sure ways for raising profitability and profits and providing the necessary capital for the self-financing and development of

each economic unit and for paying back the capital received from society and the participation of workers in the profits achieved. At the same time, the actual increase in the economic units' independence within the new economic-financial mechanism and strengthening of worker self-leadership and self-management require increased responsibility from the workers councils for fulfilling the plan for all indicators, management of material and monetary resources with maximum efficiency, having each collective know all the costs with which the products are built, profitability, establishing of efficient and effective measures for eliminating the lacks still being demonstrated in application of the new economic-financial mechanism.

New indicators have been introduced into the new economic-financial mechanism, ones which make it possible to have a more real expression of the quality of the activity being carried out and results being obtained, such as net production and physical production and new means and levers have been introduced through which the general workers meetings and workers councils can and must take action for the continual rise in the efficiency of all activity.

As a result of the conditions created, the role and contribution of the general workers meetings must increase and that of the workers councils in the exemplary fulfillment of the quantitative and qualitative indicators of the plan, in mobilization of all reserves for raising production and labor productivity, for reducing costs and there must be more and more affirmation of the new economic-financial mechanism and of self-leadership and self-management as vitalizing factors. A favorable framework for demonstrating the role and increased responsibility belonging to these organs in the leadership of economic-social activity and in plan fulfillment for all indicators in each unit will be to establish the application of the indicators of the party's secretary general at the 2d workers council congress to organize a special general meeting in September-October to discuss and approve the production plan for the next year. The democratic framework created will make it possible to increase the workers' contribution to a better substantiation of the plan's goals, which must take into account the need for knowledge and, at the same time, prevention and elimination of the negative phenomena being demonstrated at the world level for providing harmonious and balanced development for the entire economy and for strengthening the national currency and finances of the country.

The Real Cost-Price Correlation and Demands for Increasing Efficiency

Giving special importance to raising the role of the financial levers in permanently increasing the efficiency and all activity and creating conditions for the steadfast application of the new economic-financial mechanism, the party's secretary general pointed out that we must take into account the role of the market and of demand to a greater extent in planning and that we keep in mind that the law of value and other economic laws continue to act in socialism and, thus, must be kept in mind in the planning and leadership of economic activity. At the same time, it is necessary that we take into consideration the role and effect of economic laws in establishing prices, in calculating cost price, production price and profitability and profits.

Proceeding from the laws of socialist economics, on the basis of the RCP CC Plenum Decision of December 1980, the correlation of production and delivery prices, which has been applied since 1 January 1981, has been brought up to date and improved on economic principles.

The new production prices being applied in industry, agriculture, construction and transportation insure a more realistic reflection of the expenses being made to

carry out production in the production costs and for the imports of raw materials and materials. At the same time, the new production prices have made it possible to have a more exact measurement of the contribution of each enterprise and branch of the national economy to creating the national income, the base for insuring our social-economic development and rise in the standard of living for all the people. Correlation of production prices on economic principles has improved the ratio between the prices of raw materials and the finished products, whose effect has been changes both among the branches of the national economy as well as in industry, to the favor of the primary branches and those of intermediary processing. Eliminating financing from the budget in the extraction industry and raw material importing has provided better conditions for stimulating the enterprises to develop the domestic production of coal, bauxite crude oil, ferrous and nonferrous ores and so forth and has made it possible to have a more realistic record of the contribution of the extraction industry to the general development of the entire economy.

The new production and delivery prices being applied since 1 January 1981 have strengthened the responsibility of the workers collectives in improving the quality of production, reducing production costs and eliminating financing from the budget, thus creating conditions for having all enterprise which manage their material and monetary capital entrusted to them by society carry out profitable production. Not having been conceived of as an accounting, but a political action, in which all factors are involved and in which a main spot is held by incentives for increasing quality and the technical level of production through price, reducing production costs and achieving higher profitability, the production prices brought up to date have contributed to strengthening self-leadership and self-management and have made possible the application of the new economic-financial mechanism under better conditions.

The action to bring up to date the production and delivery prices, however, should not be considered ended. The active participation of the Romanian economy in the international division of labor (in the current five-year plan an increase in the role of foreign trade at an average annual rate of 11.9 percent is forecast), and the continued rise in foreign prices for the main raw materials which are provided from import to a great extent require a review of production and delivery prices at shorter periods. So the foreign prices for crude oil, cokeable coal, iron ore, metallurgical coke, apatite-phosphorite and other imported raw materials have continued to rise, increasing the currency effort to obtaining the particular imports.

Proceeding from the need to improve the prices brought up to date and taking into account the trends of foreign prices with a long-range nature and in order to provide a more powerful incentive for saving raw materials, materials, fuels and energy, in his speech at the 2d workers council congress, Comrade Nicolae Ceausescu pointed out that certain changes will still have to be made at the level of current prices, "caused by a better correlation of the prices of raw materials from Romania with the imported ones, taking the international prices as the base." This particularly important action for appropriate flow of production will have as an effect a reflection in prices and real costs, which will provide application of the law on value and other economic laws acting in the socialist economy.

One can evaluate these measures of maximum importance will have special effects on the entire economy, of which the most important ones are the following:

- a) Increase in the prices of raw materials from domestic production at the level of world prices will provide an incentive for more emphatic reduction in production costs,

mainly by reducing material costs so that each gram of crude oil, iron ore, coke and other raw material saved will have a much greater value. The effect of this will be a lower pressure on the importing of certain raw materials and reduction in currency efforts;

b) Aligning the prices of raw materials from domestic production at the level of import prices will bring out much more the favorable economic effect of developing our own base of raw materials, fuels and energy and the need for utilizing all the domestic resources which contribute to providing for domestic consumption in an increasingly greater proportion.

The new prices will make it possible to have a more realistic measurement of the efficiency of the measures established by the party leadership, before launching a world energy crisis, increasing the domestic production of raw materials, fuels and energy and, at the same time, substantially reducing the material expenses per unit of product;

c) Introducing the new prices for raw materials into the production prices in the intermediary and final processing branches will have as an effect a more direct comparability of the efficiency of the products intended for export, through the rate of return. In case a greater rate of return results for certain finished exported products than for processed raw materials, this situation will draw attention to the need to take action to reduce processing costs, to increase the quality of production in accordance with the requirements of the world market as well as for obtaining certain bigger foreign prices. Thus, we must provide an appropriate ratio between the rates of raw materials, fuel and energy with that of the finished exported products, that is, a high currency-financial efficiency should result from the processing.

Establishing and applying the new prices require a higher participation from the workers councils and collectives in the economic units in establishing measures which contribute to recovering the largest possible portion from the effect of raising the prices of raw materials, fuels and energy so that they continue to provide a high rate of profitability. The new prices will bring more decisive actions for reducing the consumer standards, the redesign and standardization of products, improvement in manufacturing technologies, increase in production quality, recovery and reuse of materials as well as the reconditioning of parts and subassemblies.

Improvements in the value levers used in the process of the leadership and planning of the national economy, taking into consideration to a greater extent the role of the market and of demand will increase the role of self-management and self-leadership and will contribute to a better understanding and more firm application of the principles of the new economic-financial mechanism and to raising the responsibility of the workers councils in fulfilling the plan forecasts.

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MARINC DISCUSSES PROBLEMS IN ECONOMIC POLICY

Belgrade KOMUNIST in Serbo-Croatian 24 Jul 81 pp 8-10

[Interview with Andrej Marinc, member of the Presidium of the LCY Central Committee, by Milivoje Tomasevic: "There Is No Progress Without Specific Identification"]

[Text] At its last meeting the Presidium of the LCY Central Committee examined fulfillment of the conclusions of the 15th Meeting of the LCY Central Committee on political-ideological issues in the development of Yugoslavia and on the tasks of the LC [League of Communists]. Andrej Marinc, a member of the Presidium of the LCY Central Committee, who in fact delivered the introductory address, responded to the request of KOMUNIST that he speak about the current economic problems and tasks of LC members in carrying out the policy of economic stabilization.

[Question] The Presidium of the LCY Central Committee has observed that "economic problems are still not being solved effectively enough, nor is the policy of stabilization being implemented consistently" (an excerpt from the communique issued after the meeting). Yet we have heard assessment like this in the past. What did this meeting of the Presidium of the LCY Central Committee produce that was new?

[Answer] Back in November 1979 the Presidium of the LCY Central Committee adopted its well-known conclusions concerning socioeconomic issues and the tasks of the LC in carrying out the policy of economic stabilization. A year later the 13th Meeting was held, and thereafter the 15th Meeting of the LCY Central Committee, at which essentially the same conclusions were adopted, though they were somewhat more all-embracing and more long-range in nature. There is continuity, then, in the activity of the LC in this area; the results, however, have not been satisfactory.

The economic situation has even deteriorated over the past year, and there is good reason to ask what is wrong in the activity of sociopolitical organizations and institutions and in the action of the League of Communists, to ask why we are not successful in accomplishing a change of direction in economic flows.

Ineffectiveness in resolving the obvious contradictions and accumulated economic problems is becoming, then, a basic ideological and political issue with which the LC must seriously concern itself.

More Effective and Responsible Work Must Be Done Toward Mutual Reconciliation of Positions

[Question] Less than a year has passed since adoption of the Yugoslav Social Plan, but we can already say that it is not being fulfilled. Remarks are now being made to the effect that it is not indeed a plan for stabilization, but is inclined in the other direction.

[Answer] In my opinion we should not wear ourselves out clarifying these dilemmas. We do better to concern ourselves with carrying out the social plan, which is what application of the stabilization model it contains primarily depends on. We are already very tardy, and this plan could suffer the same fate as the plan covering the past period. We did not altogether fulfill it, since it was unrealistic, and there was not enough readiness for adjustments or rebalancing. The unrealistic nature of the plan was ultimately demonstrated in the share of investments in the social product, in the level of inflation, in the level of foreign indebtedness and in other indicators.

Should that error occur again at this point, it would cost us dearly. We should therefore reassess plans at all levels without delay and make the appropriate adjustments in the agreements on the bases of plans. That should be the context of resolute implementation of the position taken in the resolutes adopted recently by the SFRY State Presidency concerning still more definite establishment of priorities in development in accordance with resources which are really available and also concerning the naming of those who bear responsibility for enforcing those priorities.

Probably it will also be necessary, in the spirit of the system of continuous planning, to amend as well the agreement on the bases of the Yugoslav Social Plan and to cut back obligations related to priorities in development, and they will also have to be brought into conformity with the country's financial and material capabilities. The basis for those changes should be self-management accords and agreements of those responsible for carrying out this policy. They should set forth the specific obligations.

The behavior of responsible entities in the republics and autonomous provinces is very essential in this area. After all, the sum total of the investment plans of the republics and provinces is another 30 percent higher than the federal plan, and there are also other quantities that show considerable deviations (the growth of the social product, production, employment, imports, exports, the payments deficit, and so on). Differences also exist between the plans of the republics and provinces and the plans of the opstinas and of organizations of associated labor. All of this must be correlated, since otherwise it is not possible to consistently achieve the goals and tasks of the country's joint development policy.

Interrepublic Committees Must Work More Effectively and Responsibly

[Question] What must now be done in this situation--when the plans have not been sufficiently dovetailed either within the republics and provinces or at the level of Yugoslavia?

[Answer] The process of detailing, whereby the material obligations for fulfillment of the goals and tasks contained in the plan would be stated, is going very slowly, mainly because of difficulties in reconciling the views of the republics and provinces, and also because of shortcomings in the substantiations prepared by the federal administration. There is a danger, then, that a year of the planning period will once again be lost and that later we will be able to only look on helplessly and monitor the state of affairs. What, then, confronts us? The assemblies of sociopolitical communities and above all chambers of associated labor should be involved more directly in the conclusion of agreements and in the earlier phases. The style of certain bodies responsible for interrepublic agreements should be changed, that of the interrepublic committees above all; they must work more effectively, which means that they must require greater responsibility in general and prevent irresponsible behavior by participants in the process of concluding agreements.

Second, it seems that few people are thinking about changing plans in conformity with the principles of continuous planning, though we set forth such a commitment in the Conclusions of the 15th Plenum of the LCY Central Committee, and this is an obligation to the law on planning, a law which is essential to the system. This task should be stated as a directive to responsible party members and organizations of the LC. The degree of success in coordinating and planning our development and also in resolving the structural and other problems depends to a large degree on the activity of the economic chambers, banks and other associations. It is clear that plans of those organizations of associated labor and large systems which represent Yugoslavia's joint priority ought to be coordinated within the Yugoslav Economic Chamber.

This should also contribute to strengthening the process of pooling labor and capital, that is, the process of self-management integration of OUR's [organization of associated labor] on an income-sharing basis on the unified Yugoslav market, which has an important element of our cohesiveness. The Third Congress of Self-Managers, and then the "Red Banner" discussions and certain other meetings of workers show that an unreserved willingness to strengthen the commitment to community does exist. There are good examples in practice of income-sharing linkage, and it should be affirmed and used as experience.

The planning and development of income-sharing relations obviously must not be left to spontaneous development. The broader formation of associations and the large undertakings which would in practical terms resolve the problems of production and the problems of exports require projects in which the workers can see their own economic interest and interest as self-managers. This requires more than mere political propaganda in which there is often quite a bit of vague and fruitless repetition of the principles of the income-sharing relations of socialist self-management.

Party members in various bodies and agencies and institutions and the League of Communists as a whole must, then, be far more determined and stubborn in taking the initiative so that large projects are devised. There are, of course, various obstacles that arise here, including the conscious resistance of group-ownership, technobureaucratic and other groups and individuals who can be successfully combated only by a well-organized campaign of party members together with all the working people organized through self-management.

The procedure for reconciliation of plans and the methodology for more effective macroplanning on Marxist foundations are becoming an ever greater problem and a specific priority obligation. In my opinion there are also certain other steps which need to be taken to make planning at the federal level effective. The Federal Bureau of Social Planning ought to be reorganized in the spirit of the law as an independent public institution, the most able personnel should be concentrated, and a system of firmer collaboration with science and with associated labor should be built up. The present objective position of the Bureau of Planning no longer corresponds to one of the domains of federal administration, and it does not have the appropriate importance even in terms of its formal status.

Who Is Calling for "Radical Reforms"?

[Question] When the question of difficulties arises, one often hears the argument that we need to change something in the system as well. What position does the Presidium of the LCY Central Committee have on this?

[Answer] Our shortcomings in concluding agreements and accords, in planning, and in economic policy, as well as the objective economic difficulties also have an impact on application of the system. The principal shortcoming lies in the inadequate activity of government and self-managing entities as well as of the subjective forces toward the goal of applying and rounding out the system. Structural problems are not being resolved effectively enough through economic policy, again because of inadequate commitment by associated labor. Blame is then put on the system, though actually it is practice that is distorting the system. There has even been augmented activity on the part of those who consciously or unconsciously are taking advantage of economic difficulties and are proposing changes in the system that would jeopardize its basic instruments.

It is significant that following the sporadic statements of certain individuals who have offered the old solutions, this front has recently been broadening. Those who were in a way defeated in the debates on the constitution and the Law on Associated Labor, who lost the battle over the decisions of the 10th LCY Congress, are now raising their heads. They are now calling for changes in the various fundamental arrangements, they are proposing "radical reforms" and the like. Some offer solutions which turn the clock back, which implicitly contest the right of the workers to dispose of income, that is, to make disposition of the conditions, means and results of their own work and the work of society. There are attacks on the OOUR [basic organization of associated labor] and on the principle of income, the constitutional role of the republics and provinces, their responsibility for their own and joint development, is questioned, and so on. Attacks like this do not come from the workers; the workers are expressing

a unified willingness for the system to be implemented consistently and are demanding this of all public entities, and they are criticizing sluggishness and all the other shortcomings.

[Question] It is a fact, however, that the system must be rounded out. In this effort one feels a lack of creativity, a certain passivity and inertness, especially in administrative agencies. What is the problem?

[Answer] The ideological and political problem lies in unsensitivity and failure to understand the importance of operationalization and consistent application of the basic components of the economic system. They are joined by ignorance, unfamiliarity with the basic components of the system and bureaucratic irresponsibility. As if they do not realize that—along with their immediate functions as defined in law—this is a mandatory area of their work. Being responsible for the situation in a particular area and for the entirety of the situation in society means contributing the maximum to organizing and improving the institutions of self-management and associated labor on self-management foundations, rather than passively waiting and allowing the problems to pile up.

Intolerable Practice

[Question] Often even basic tasks are not carried out, laws are violated, and few people are called to account.

[Answer] That is right, there are ever more pronounced cases of lawbreaking, manifested especially in the domain of foreign exchange transaction, prices and the overall conduct of financial transactions. But the fight against unlawful behavior may not be left solely to inspection and judicial authorities. We need a vigorous campaign by agencies of sociopolitical communities, bodies of self-management and sociopolitical organizations.

It is an intolerable practice for the agencies of sociopolitical communities, and indeed even political factors, to tolerate or even to encourage unlawful behavior, looking exclusively to the narrow interests of the particular sociopolitical community or of the particular entity in question. In such cases the League of Communists must react with resolution, as must the bodies of self-management and government agencies as well. At the same time, however, we must make a critical and self-critical examination of the causes of ineffectiveness and departure from the commitments which have been set forth in various areas. Yugoslav society does not conceal that interests in self-management are diverse and contradictory. It is a premise of our system that the worker and the working people exercise the rights and discharge the responsibility for their own and the joint development through self-management and delegate decisionmaking. That is why our public has readily adopted the idea of open debate and respect for interests in self-management which are objectively different.

Cases of Overemphasized Regionalism Are Deforming the Conclusion of Agreements and Accords

[Question] It seems, however, that the pluralism of interests in self-management is not always correctly understood in practice.

[Answer] However much room that idea has given to creativity and initiative, one of the major ideological questions at present is why there is still no conclusion of effective agreements on things which are held in common and which can be resolved in an effective way and above all an economically optimum way only on a joint basis.

As we know, Kardelj initiated this idea, above all so that we do not deny the differing nature of interests. So that in the practice of self-management we discuss differing interests openly with the purpose of resolving the contradictions and antagonisms by concluding self-management accords and agreements. In this, of course, the working people should themselves be adequately organized so that they can pursue their own and also their common interests.

The practical manifestations of the shortcoming or even the deformation in the conclusion of compacts and accords are now expressed in the overemphasized pragmatism, regionalism, autarky and voluntarism of opstinas, republics and provinces. Unrealistic development plans and goals, and indeed even political pressures which compel their realization are only the consequence of that. Out of this kind of deformed conception of the basic idea there emerges a practice, which is spreading, and from that in turn arise the tieups of technocracy and bureaucracy, and that is when the political bureaucracy becomes most dangerous. Some of the issues in this domain, above all the issues of relations among the republics, the provinces and the Federation, we must debate as part of the preparations for the 12th LCY Congress.

[Question] How and to what extent does this kind of behavior--unrelenting support of a localistic interest--affect economic developments?

[Answer] The impact is great. From the standpoint of development the strategic importance of exports, for example, has still not been understood by some collectivities, nor in all associations of associated labor and bodies responsible for formulation of economic policy. As though they are not interested in the consequences of a further growth of the payments deficit, foreign indebtedness and dependence on imports from abroad. On the contrary, appetites have continued to grow, people insist on obtaining short-term credits to pay for petroleum, to repay credit and to meet other obligations, and import rights are used to purchase equipment and for other forms of consumption. The authorities in the republics and autonomous provinces and large organizations of associated labor exert pressure in that direction. This is an extension of the old practice, which is based on the principle of making the expenditure and then face society--most frequently the Federation--with an accomplished fact. Certain responsible authorities in the Federation are even tolerating this practice. There are agreements in existence on this matter, but they are not enforced, and temporary measures are not being proposed, though this possibility has been incorporated into our system.

Shortcomings of Monetary and Credit Policy

The Federal Executive Council has taken a number of necessary steps to diminish the problems of the payments deficit, but this is obviously not enough. However, a more lasting solution to the problem cannot be obtained solely by these measures, but above all requires putting the principals of reproduction into a position where they are economically motivated to augment exports and earn foreign exchange, to do so, moreover, on the basis of joint programs adopted through links based on income-sharing.

Many problems, both in the domain of foreign economic relations and also in other sectors of reproduction, are mostly the consequence of discrepancies in commodity-money relations on the domestic market. The high rate of inflation--we should no longer speak about it with reserve--has taken on disturbing proportions. It discourages augmentation of production and exports, it undercuts efforts to raise labor productivity and to make economic activity more efficient, and it threatens the standard of living, especially that of workers and families with low income. We explain this high rate of inflation by the shortage of goods, the high level of spending of all kinds, and so on. It is indisputable that inflation is only the manifestational form of interwoven causes, and not a phenomenon in and of itself.

Everyone knows that the main problem is the unsatisfactory level of labor productivity and economic efficiency. However, if qualitative factors are to be felt, certain shortcomings have to be corrected in our economic policy, but they are still being underestimated either consciously or unconsciously. I am referring to shortcomings in credit and monetary policy and the concrete behavior of the National Bank and the commercial banks. The high level of spending, especially investment spending, and the high level of imports are still being encouraged; short-term credit resources are being transformed into investment resources, collection of payments due on outstanding credits are postponed; financial laxity and illegality are tolerated, often pressures from the republics and provinces and even from federal authorities for a shifting of monetary aggregates are given in to; artificial money is created by multiplication of deposits and is then used practically as though it had come about through savings; the structure of the money supply is unfavorable, i.e., an excessive portion of money is being channeled into flows outside the economy.

Instead of an extremely restrictive monetary and credit policy, demands are now being heard for expansion of money to keep up with nominal trends in the economy, i.e., for departure from the planned growth of credit and the money supply. This is a well-known old policy which instead of larger commitment of resources to working capital, desires to continue to cover high investment spending and other forms of spending, which creates a problem of illiquidity and injects further disturbances into commodity-money relations. All of this is in direct opposition to the policy of economic stabilization. It goes without saying that the money supply should keep up with economic development, but it must not have an inflationary effect, that is, it must not have the effect of an additional injection of fictitious savings.

In spite of the clear commitments of the League of Communists, a change of behavior has not occurred in this sector, and that is one of the main reasons for the high rate of inflation and disruptions of commodity-money relations. That is why the Resolves of the SFRY State Presidency have emphasized the need for changes in monetary and credit policy. There are, of course, cases of slackness generating inflation and instability in other sectors as well.

No Room Is Left for Verbalism and Opportunism

[Question] After all you have said it is not difficult to derive certain specific tasks that fall upon all members of the League of Communists and especially its organs.

[Answer] The Presidium of the LCY Central Committee was clear on this point. No room is left for toleration of verbalism, liberalistic behavior or an optional attitude on the part of members of the LC toward the stands taken by the League of Communists. They must enforce those stands everywhere, at every work station, in every official position, in all institutions of the political system in which they are active. In other words, party members must display everywhere a greater and more specific commitment in the fight for the system, for the development of self-management, for a change of the adverse tendencies in economic development.

[Question] Those words have a familiar ring....

[Answer] Perhaps the words do have a familiar ring, but it is clear to all of us that the final hour has come, that we must identify those who are behaving otherwise, who are slowing down and holding back constructive processes.

We note that there are too many vague monologues even in the organs of the LC and other sociopolitical organizations, and even in the delegate assemblies. There is little true confrontation of opinions, that is, creative confrontations and debates from which proposals of effective joint solutions might crystallize out. This creates the impression that efforts are being made, but matters are being drawn out, and the problems remain.

We must debate all these issues publicly and more frequently, we must derive certain assessments and draw certain lessons as to how we can make the overall activity to implement the policy of the League of Communists more effective. In all of this we should steadily improve the very style within the League of Communists. For example, action conferences and other forms of organization and linkage of party members from organizations of associated labor which are dependent in the process of reproduction have proven themselves to be quite useful. This should be developed even further. The campaign of the League of Communists and of all public factors must contribute to a more radical change of direction with respect to performance of the tasks which have been set forth.

Assessment of the Work of Party Members in All Communities and at All Levels

The respect and success of the LCY in our history have always risen when we have acted as one and when we have been able to alter the situation in good time. The vagueness, declarativeness and rather pronounced opportunism of party members and of other subjective factors, and indeed even of the leaders, are the essential reasons why the results have not been in line with the intensity of civic activity.

That is why the Presidium of the LCY Central Committee emphasized that efficiency is not possible unless there is specific identification and differentiation in which it is clearly shown what sort of behavior an individual is displaying and what sort of results he has. It is not a question of persecution of people, but of evaluating the behavior of party members in particular communities and at various levels, in all the entities of our political system. In communities where the readiness does not exist to carry out the policy of the LC, where the results are not forthcoming, and above all where there is inertness or even opposition--there should also be changes in personnel.

Perhaps it should be said in conclusion that the LCY is indubitably responsible for the continuity of the revolution and for the system of socialist self-management, but the League of Communists does not bear all the responsibility. The present situation requires even more imperatively that we carry out the positions adopted by the 11th congress and the provisions of our constitution, under which there exist side by side the responsible bodies of self-management and of the government, and political organizations. There exists the delegate system of social organization and the responsibility that is borne on that basis. Party members are only a part of that. Only with resolution, publicly and together with all the citizens of the country and the working class will we arouse their activity, since it is above all a question of their interest, as Comrade Bakaric recently emphasized in an interview.

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YUGOSLAVIA

BANKER COLANOVIC INTERVIEWED ON INFLATION, PROSPECTS

Belgrade ILUSTROVANA POLITIKA in Serbo-Croatian No 1182, 30 Jun 81 pp 14-15

[Interview with Branislav Colanovic, president of the business board of Jugobanka, by Stevan Zec in Belgrade, date not given: "We Are Tripping Over Our Own Feet"]

[Text] The main headquarters of Jugobanka are located at No 19, 7 July Street, in Belgrade. It is a marble building, it has large glass windows. The tellers' windows are on the street level, the offices of the management are upstairs, and the vaults are said to be in the basement. We have come for an interview scheduled with Branislav Colanovic, president of the business board of Jugobanka, whom financial specialists consider to be someone who knows his job well and who in newsmen's circles enjoys the reputation of someone who is willing and able to speak comprehensively--even about such entangled topics as the monetary system in Yugoslavia.

[Question] A year ago the dinar was devalued by one-third. The explanation of the responsible authorities was that this was an indispensable measure to augment exports, to reduce imports and to strengthen the national currency. But the results which were supposed to come from the devaluation melted away even earlier than the pessimists predicted. There are now assessments being made to the effect that the devaluation did not yield the expected results because it was applied as an isolated measure, and thereby had no chance to succeed.

A Record Unwished for

[Answer] The devaluation was not carried out as an economic measure in isolation from other efforts to stabilize the economy and strengthen the dinar (Colanovic explained). Certain measures did accompany the devaluation of the dinar: the effort to reduce investments, government expenditure and personal expenditure and to limit imports. But this obviously was not enough. The only thing we managed to do with some fair success was to control the growth, that is, fall, of real personal income.

[Question] Inflation was 40 percent in Yugoslavia last year. It was thought that things could not get worse. But just recently a figure has been announced that was worse than the worst.

[Answer] With an inflation rate between 52 and 53 percent over the period from last May to this May Yugoslavia has moved into first place in Europe (said the chairman of the Jugobanka Business Board). This is the consequence of carrying out our program to stabilize the economy, which also means the attempt to fight for a stronger dinar. The stabilization program obviously has not sufficiently encompassed the true causes of our instability. We have been fighting for stabilization mainly with restrictions: reducing imports and investments, and holding back personal income. In my opinion this is all a superficial effort. The real causes of instability are the following: The sociopolitical communities, and that means the opstinas, the regions, the provinces, the republics and the Federation, are still ruling the economy. And then: Arbitrariness is still dominant in investments, since as a practical matter there are individuals who decide where and how a hospital, university, railroad station, office building and the like will be built. Third, but perhaps it should be first, is the neglect of agriculture. We adopt resolutions, but the experience is this: In 1980 we received 2 percent less agricultural output than in 1979. Fourth: We have not prevented the movement of rural inhabitants to the city, that is, from farming to industry. And we will not be able to prevent it so long as the work of a streetcleaner in Belgrade is easier than the work of a peasant in his field and the income greater. The fifth cause of inflation: chaos in housing construction. Sixth: poorly organized transportation and traffic. Our shipping costs are between 2- and 2.5-fold higher than in any other country in Europe. Seventh: We have an army of staff personnel in self-managed communities of interest, chambers, bureaus and other institutions which contribute to the effective operation of the economy. To make matters still more complicated, the experts who are working in inefficient and I would say unnecessary institutions are badly needed by the economy....

(Colanovic went on to enumerate other causes which are dragging the dinar down. He no longer had fingers enough and began making marks with his pencil on the first page of his note pad.)

Everyone Against Everyone Else

[Question] We asked him why certain of our "more experienced" world travelers, when they travel to Vienna, do not carry shillings, but withdraw Swiss francs or German marks from our bank? Supposedly when they change that currency in Vienna they receive more shillings?

[Answer] And that is another cause of the instability of the dinar (Colanovic explained). Clear-cut relations do not exist between the leading currencies in the world. Bankers call this a "misbegotten rate of exchange." In practice it looks like this: You have dollars in your foreign exchange account, but you are traveling to Germany. If you exchange those dollars in Belgrade, you will get, say, 1,000 marks. But if you change them in Frankfurt, at their rate of exchange, you will get 920 or even 900 marks for the same amount of dollars.

[Question] Which is why our banks have recently been reluctant or altogether unwilling to convert the currencies which individuals have in their savings account.

[Answer] Yes, yes, general warfare is taking place on the world money market. It's catch as catch can. Of course, the weaker currencies always suffer in that fight, and the dinar is unfortunately one of those (said the subject of our interview).

[Question] When the devaluation of our money was announced last year, the dollar was worth 27 dinars in our country. In the interval there has been no official devaluation, but the dollar is now worth 33 dinars. The dinar has "slid" inaudibly by another 22 percent in a devaluation that was not announced. But the "sliding" rate of exchange of the dinar is having very adverse effects on the efforts of our economy to augment exports and reduce imports, and this is why. Those enterprises which are exporting intentionally delay their exports, waiting for the dinar to lose as much as possible of its value, and then to sell their goods and thus obtain a dollar for which they will be able to collect more dinars. Our enterprises which are importing goods from abroad are striving to do this as fast as possible and in the largest possible amount, since they know that the very next week they will have to pay more dinars for the same goods and the same amount of foreign exchange. Branislav Colanovic says that the "sliding" rate of exchange of the dinar is also having a harmful effect on the credits which we are taking from foreign banks. The foreign banks, he says, are now seeking ever higher and higher rates of interest because of the weakened dinar.

[Answer] The average rate of interest on the credits we are now taking abroad range at about 20 percent. Our country's indebtedness will reach the amount of \$20 billion by the end of the year. Only when you convert those dollars to dinars do you grasp what inflation is. A year ago, immediately after the devaluation, \$20 billion amounted to 540 billion dinars. Today that amount comes to 660 billion dinars. So you see that inflation has "eaten up" 120 billion dinars just in debts....

[Question] There are economists and even politicians in our country who attribute great power to foreign influences, that is, to those influences over which no Yugoslav can have any impact, and say that they are the principal reason why the dinar is sliding down more and more on the world ladder of currency values. We asked Colanovic if he could compute in percentages how much world developments are affecting our inflation?

[Answer] Yes, I can. It is rather difficult to compute, but I would say that events on the world money market account for no more than 15 percent of our inflation. All the rest is our own fault.

Individuals Are Trying To Get to the Bottom of It

[Question] It is a textbook rule: When an economy enters a crisis, inflation rises, and the standard of living of the citizens and savings balances in banks decline. Bankers say that every man distributes his property within the limits

of his knowledge and especially his abilities. At the moment more is being withdrawn from our banks and less put in than in earlier years. Are there economic reasons for this, but also other reasons?

[Answer] An individual defends his standard of living. When real personal income drops, in order to be able to meet his needs as before, he must spend his savings, if, of course, he has any. If he has dinars in the bank, he tries to convert them to foreign exchange, but usually he wishes to invest cash in fairly durable and valuable goods.

The banks have always and everywhere been a barometer of political development.

[Question] In the opinion of Branislav Colanovic, a sound stabilization program should emphasize and popularize savings by individuals in banks as a factor of the first order for restoring health to the economy.

[Answer] This is not a piece of advertising, just because I am president of the business board of Jugobanka (he says). The savings of individuals in banks is the principal source from which the economy's deficit is covered. In our case that is a chronic deficit. If citizens do not save, the bank has no money to help out the economy with short-term credit, and the government must seek a loan abroad. The larger the savings of individuals, then, the less foreign credit, and we have already seen where all that leads, into a kind of vicious circle: inflation--devaluation....

[Question] Along with the tales about a new devaluation of the dinar, there is talk about how the long-term credits of individuals will again be revalued. This is easier to explain with an example: If someone borrowed 1 million dinars from the bank in 1977 to be repaid over 25 years in order to buy an apartment, the monthly payment amounts to about 8,000 dinars. At that time that was his entire personal income. This year those 8,000 dinars are half of that individual's personal income. Inflation has been beneficial to him personally. That is why it is increasingly difficult to obtain such credits. Some individuals are afraid they will receive a letter from the bank informing them that their payment, or perhaps the rate of interest, is being increased.

[Answer] All that may appear logical and attractive at first glance. But no one recommends that in either theory or practice. We do know that one South American country tried to stop inflation that way and went bankrupt. No serious-minded man in Yugoslavia is even thinking of that, since such a step would bring about a chain reaction, and as a society and as an economic and political system we would thereby be acknowledging capitulation to galloping inflation and we would only be applauding it.

[Question] In conclusion we put one more question to Comrade Colanovic. It was similar to the previous one: The savings of individuals in the bank are a kind of credit financing of the economy. If devaluation occurs, what happens to the balance of the account? If an individual has 10,000 dinars in his savings account, and a devaluation of, say, 10 percent is announced, will he be credited another 1,000 dinars because of the drop in the value of the currency?

[Answer] Of course not. That is that same capitulation before inflation.

(It is still before noon and a working day. From Branislav Colanovic's office window one sees 7 July Street crowded with automobiles. In the next street, Knez Mihailova, the cafe tables have been brought out on the sidewalk, but there are no empty places. It is hot, and people are drinking draft beer. The strollers are strolling, the purchasers are purchasing. Young mothers are pushing their children in /Chico/ carriages bought in Italy. Kalemegdan is full of retired people and idlers. We thought of a bitter joke--A foreigner came to Belgrade and asked: "It must be a holiday here since your cafes are full in the morning, and the streets are crowded with people and cars." "No," they told him, "it is a working day, what made you think it was a holiday?")

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